

**COMSTOCK PARK
PUBLIC SCHOOLS
Kent County, Michigan**

Comprehensive Annual Financial Report

For the year ended June 30, 2005

COMSTOCK PARK PUBLIC SCHOOLS
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For the year ended June 30, 2005

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FINANCIAL SECTION

Hungerford, Aldrin,
Nichols & Carter, P.C.
CPAs AND CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

August 27, 2005

The Board of Education
Comstock Park Public Schools

We have audited the accompanying financial statements of the governmental activities, the major fund and the aggregate remaining fund information of Comstock Park Public Schools (the "District") as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's elected officials and management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund and the aggregate remaining fund information of Comstock Park Public Schools as of June 30, 2005, and the respective changes in financial position thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 27, 2005 on our consideration of Comstock Park Public Schools' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements of Comstock Park Public Schools. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Hungerford, Alden, Nichols & Carter, P.C.

Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

As management of the Comstock Park Public Schools ("the District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with the District's financial statements, which immediately follow this section.

Overview of the Financial Statements

This annual report consists of three parts: Management's Discussion and Analysis (this section), the Basic Financial Statements, and Supplemental Information. The Basic Financial Statements include two kinds of statements that present different views of the District:

- The first two statements, the Statement of Net Assets and the Statement of Activities, are *district-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
 - ♦ *Governmental funds statements* tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
 - ♦ *Fiduciary funds statements* provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The Basic Financial Statements also include Notes to Financial Statements that explain the information in the Basic Financial Statements and provide more detailed data. Supplemental Information follows and includes combining and individual fund statements.

District-wide Statements

The district-wide financial statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets, and how they have changed. Net assets - the difference between the District's assets and liabilities - is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one should consider additional non-financial factors such as changes in the District's property tax-base and the condition of school buildings and other facilities.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

In the district-wide financial statements, the District's activities are presented as follows:

- *Governmental activities:* The District's basic services are included here, such as regular and special education, instructional support, transportation, administration, community services, food service and athletics. State aid and property taxes finance most of these activities.

Condensed District-Wide Financial Information

The Statement of Net Assets provides financial information on the District as a whole.

	<u>2005</u>	<u>2004</u>
Assets		
Current assets	\$ 5,017,449	\$ 3,963,574
Capital assets	31,661,230	32,701,335
Total Assets	36,678,679	36,664,909
Liabilities		
Current liabilities	4,296,650	4,342,634
Long-term liabilities	43,388,505	44,106,102
Total Liabilities	47,685,155	48,448,736
Net Assets		
Invested in capital assets, net of related debt	(11,764,778)	(12,367,559)
Restricted	(167,890)	381,551
Unrestricted	926,192	202,181
Total Net Assets	\$ (11,006,476)	\$ (11,783,827)



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

The results of the fiscal year's operations for the District as a whole are presented in the Statement of Activities, which shows the change in total net assets for the year.

The Statement of Activities presents changes in net assets from operating results:

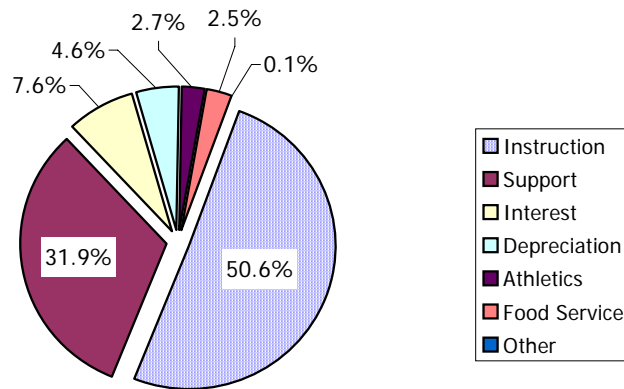
Changes in Net Assets from Operating Results

	<u>2005</u>	<u>2004</u>
Program Revenues		
Charges for services	\$ 621,409	\$ 546,424
Operating grants	2,673,876	1,780,950
General Revenues		
Property taxes	4,982,864	4,811,237
State school aid, unrestricted	13,911,720	13,403,914
Interest earnings	35,826	18,617
Other	112,225	88,676
Total Revenues	22,337,920	20,649,818
Expenses		
Instruction	10,910,409	10,826,158
Supporting services	6,869,279	6,458,135
Community services	3,226	2,474
Food service	545,657	452,543
Athletics	580,309	500,007
Other	27,537	22,854
Interest on long-term debt	1,643,039	2,028,252
Depreciation-unallocated	981,113	1,049,643
Total Expenses	21,560,569	21,340,066
Increase (decrease) in net assets	777,351	(690,248)
Net Assets - Beginning of Year	<u>(11,783,827)</u>	<u>(11,093,579)</u>
Net Assets - End of Year	<u><u>\$ (11,006,476)</u></u>	<u><u>\$ (11,783,827)</u></u>

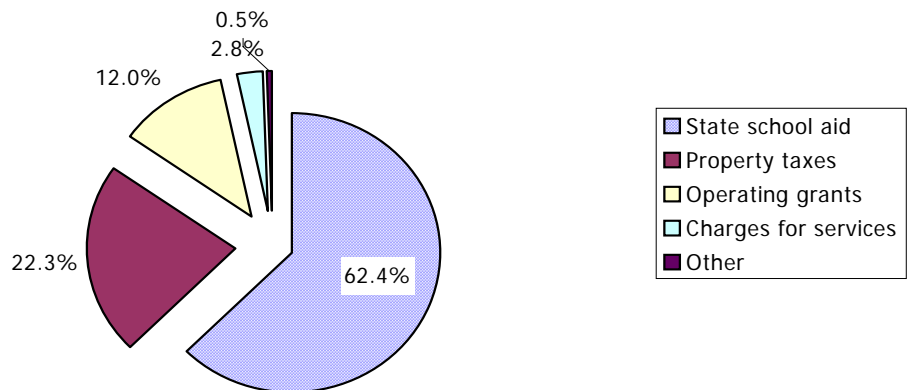


COMSTOCK PARK PUBLIC SCHOOLS Management's Discussion and Analysis June 30, 2005

Expenses by Category-All Funds



Revenues by Source-All Funds



Financial Analysis of the District as a Whole

The District's financial position is the product of many factors. Growth during the year in taxes and grants was a significant contributor to the revenue increases. Another factor was the mid-year budget reductions required by the decrease in state school aid funding.

The District's total revenues increased 8.17 percent to \$22.3 million. Property taxes and state aid accounted for most of the District's revenue, contributing about 85 cents of every dollar raised. Another 12 percent came from state and federal aid for specific programs and the remainder from fees charged for services and miscellaneous sources.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

The total cost of all programs and services increased 1 percent to \$21.6 million. The District's expenses are predominantly related to staff salaries and benefits which amount to 84.9 percent of the total. Health insurance costs alone increased by 15.1%. The District's expenses related to instructing, caring for (pupil services) and transporting students are about 56 percent of total expenses. The District's administrative and business activities accounted for 11 percent of total costs. Operation and maintenance expenses accounted for 9 percent.

Total revenues exceeded expenses on the Statement of Activities by \$777,351 due mostly to a budgeted proration from the State that did not occur as well as increased funds through the ISD.

- The cost of all governmental activities this year was \$21.6 million.
- Some of the cost was financed by the users of the District's programs (\$.62 million).
- The federal and state governments subsidized certain programs with grants and contributions (\$2.7 million).
- Most of the District's costs (\$19 million), however, were financed by District and state taxpayers.
- This portion of governmental activities was financed with \$4.98 million in property taxes, \$13.9 million of unrestricted state aid based on the statewide education aid formula and investment earnings.
- The District has also worked to reduce costs in many areas through collaboration with other districts, changing contracted vendors, utilization of governmental reimbursement programs where possible and shopping for the best pricing. The administration will push to increase these and other cost saving programs for the next fiscal year. It will be essential in the future that the District continue to try to reduce expenditures and maximize revenues.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds - not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

The District utilizes two kinds of funds:

- *Governmental funds:* Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed, short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

- *Fiduciary funds:* The District is the trustee, or fiduciary, for assets that belong to others, such as Scholarship Funds and Student Activities Funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds

The District uses funds to record and analyze financial information. Comstock Park Public School's funds are described as follows:

Major Fund

General Fund

The General Fund is our primary operating fund. The General Fund had total revenues of \$18,823,650, total expenditures of \$17,725,808 and other financing uses of \$368,656. It ended the fiscal year with a fund balance of \$1,218,927, up from \$489,741 as of June 30, 2004. The increase was primarily due to a budgeted proration from the State which was not imposed, the implementation of an alternative health care plan for employees, and implemented energy savings programs.

Nonmajor Funds

Special Revenue Funds

The District operates two Special Revenue Funds, for the food service and athletics programs. Total revenues were \$733,854 and other financing sources were \$364,328, with total expenditures of \$1,154,942. The ending fund balances were \$42,983 for Food Service and \$1,015 for the Athletic Fund.

Debt Service Funds

The District operates four Debt Service Funds. Total revenues were \$2,744,116 and other financing sources were \$19,247,660. Total expenditures were \$2,845,734, and other financing uses of \$19,145,329. Ending fund balances totaled \$64,379.

Capital Projects Fund

There is one Capital Projects Fund incorporated into the financial statements of the District. It is the 1999 Construction Fund which had revenues of \$926 and expenditures of \$85,989. The net decrease to the fund balance of \$85,063 was due to the spending of 1999 Construction Fund bond proceeds. The ending fund balance was \$0 and the fund was closed in fiscal year 2004-05.

Fiduciary Funds

The Student Activity Fund is operated as an Agency Fund of the District. The assets of these funds are being held for the benefit of the District's students. Balances on hand at June 30, 2005 totaled \$173,005.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

General Fund Budgetary Highlights

Over the course of the year, the District revised the annual operating budget three times. These budget amendments fall into two categories:

- Changes made to account for the final student enrollment that determines how much foundation grant state school aid will be received during the fiscal year..
- Final changes made in May for increases in appropriations to prevent budget overruns.

Although the District's final budget for the General Fund anticipated that revenues would exceed expenditures by \$497,393, the actual results for the year show an excess of revenues over expenditures of \$729,186.

- Actual revenues were \$1,964 higher than expected, (miscellaneous reimbursements for field trips and conferences).
- Actual expenditures were \$225,561 below budget, due primarily to unspent line items in specific budgets, including grants and in savings from early payoff of financed copying and time card equipment.

State of Michigan, Unrestricted Aid

The State of Michigan aid, unrestricted, is determined by the following variables:

- State of Michigan State Aid Act per student foundation allowance.
- Student Enrollment – blended at 80% of the current year fall count and 20% of the prior year winter count.
- The District's non-homestead property tax levy.

Per Student Foundation Allowance:

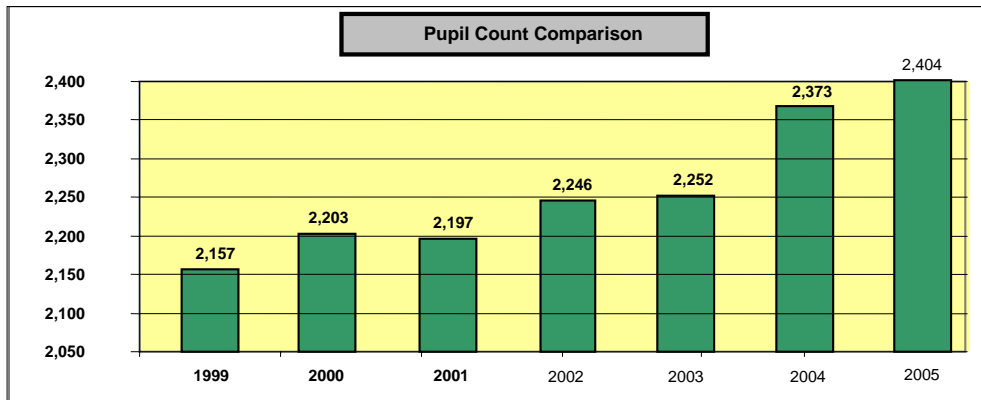
- Annually, the State of Michigan sets the per student foundation allowance. The District's foundation allowance for 2004-05 was \$6,715 per student. The foundation allowance for 2005-06 is set at \$6,890 which is an increase of \$175 per student. At this time, because of the gradual improvement of the economic condition of the State of Michigan, we are not anticipating a mid-year reduction for the 2005-06 school year.



COMSTOCK PARK PUBLIC SCHOOLS Management's Discussion and Analysis June 30, 2005

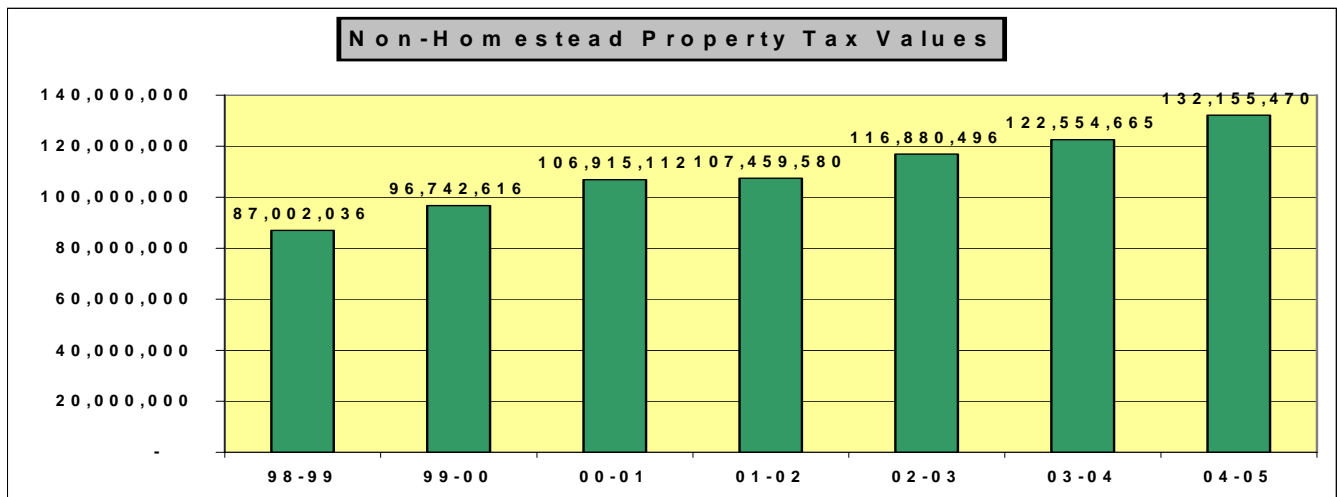
Student Enrollment:

The District's student enrollment for the fall count of 2004-05 was 2,404 students. The District's enrollments have gradually increased in the past five years with a flat or slight increase expected for 2005-06. The following summarizes fall student enrollments:



Non-homestead Levy:

The District levies 18 mills of property taxes for operations (General Fund) on non-homestead properties. Under Michigan law, the taxable levy is based on the taxable valuation of properties.



Capital Asset and Debt Administration

Capital Assets

By the end of 2005, the District had a \$47.4 million investment in a broad range of capital assets, including land, school buildings, athletic facilities, furniture, computer equipment and software, and administrative offices.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

The District's fiscal year 2006 budget projects spending over \$300,000 for capital projects. This extra money is mainly due to the additional funding from the Sinking Fund ballot proposal that was passed in May of 2005, enabling the District to complete additional projects.

At June 30, 2005, the District's investment in capital assets (net of accumulated depreciation), was \$31,661,230. Capital asset purchases totaled \$198,116 for the fiscal year with accumulated depreciation increasing \$1,238,221, leaving a net reduction in the book value of capital assets of \$1,040,105.

Land	\$	640,410
Land improvements		290,457
Buildings		29,177,039
Vehicles		195,598
Furniture and equipment		1,357,726
Net Capital Assets	\$	31,661,230

Long-Term Debt

At year end, the District had \$44.9 million in general obligation bonds and other long-term debt outstanding – a net decrease of \$614,591 from last year.

- The District continued to pay down its debt, retiring \$1.57 million of outstanding bonds, loans and leases.
- The District refunded a substantial portion of its 1996 and 1999 bond issues to save interest costs and create an improved cash flow for the debt service funds in the future.
- The District borrowed \$773,537 from the State School Bond Loan Program to supplement local tax levies for bond debt service payments.

The District's bond rating for General Obligation, Unlimited Tax debt remains "Aaa". The District's other obligations include severance pay, early retirement incentive and accumulated sick leave. There is more detailed information about our long-term liabilities in the Notes to the Financial Statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- A new three-year labor agreement was approved in July 2005. The economic package contained in the new contract provides for zero percent annual increases plus steps for certified staff and a 2 percent annual increase plus steps for support staff. It also provides fully paid MESSA Choices II health insurance or the option of MESSA Super Care I health insurance with a staff co-pay equal to the difference of the package costs.



COMSTOCK PARK PUBLIC SCHOOLS
Management's Discussion and Analysis
June 30, 2005

- Our elected officials and administration considered many factors when setting the School District's 2005-06 fiscal year budget. One of the most important factors affecting the budget is our student count. The State foundation revenue is determined by multiplying the blended student count by the foundation allowance per pupil. The blended count for the 2005-06 fiscal year is 25 percent and 75 percent of the February 2005 and September 2005 counts, respectively. The 2005-06 fiscal year budget was adopted in May 2005, based on an estimate of students that will be enrolled in September 2005. Approximately 65 percent of total General Fund revenues is from the foundation allowance. Under State law, a school district cannot access additional property tax revenue for general operations. As a result, funding is heavily dependent on the State's ability to fund local school operations. Based on early enrollment data at the start of the 2005-06 school year, we anticipate that the fall student count will be a few students over the estimates used in creating the 2005-06 fiscal year budget. Once the final student count and related pupil funding is validated, State law requires a school district to amend the budget if actual District resources are not sufficient to fund original appropriations.
- Since a school district's revenue is heavily dependent on State funding and the health of the State's School Aid Fund, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to school districts. The State periodically holds a revenue estimating conference to estimate revenues. The anticipated results of the January, 2006 conference indicate that the State will be increasing funding to the District by an estimate of \$175 per pupil.
- Due to the stagnant economy in the State of Michigan, the 2005-06 fiscal year budget was developed with the assumption another "negative supplemental" would again be received. Previous cuts were continued in all areas of the District to achieve a balanced budget for 2005-06 despite rising costs.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Comstock Park Public Schools, 101 School St. NE, Comstock Park, MI, 49321. Contact by e-mail: jkasul@comstock-park.k12.mi.us.

BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Net Assets
June 30, 2005

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 800
Cash equivalents (Note B)	923,095
Taxes receivable (Note C)	172,879
Accounts receivable	1,015
Due from other governmental units (Note C)	2,830,681
Inventory (Note A)	7,583
Prepaid expenses	1,081,396
Total Current Assets	<u>5,017,449</u>
Noncurrent Assets	
Capital assets (Note E)	47,404,407
Less accumulated depreciation	(15,743,177)
Total Noncurrent Assets	<u>31,661,230</u>
Total Assets	<u>36,678,679</u>
Liabilities	
Current Liabilities	
Accounts payable	170,647
State aid anticipation loan payable (Note F)	1,200,000
Due to other governmental units	217,885
Accrued interest payable	306,795
Salaries payable	854,261
Current portion of long term obligations	1,547,062
Total Current Liabilities	<u>4,296,650</u>
Noncurrent Liabilities (Notes A, G)	
General obligation bonds payable	31,780,000
Durant nonplaintiff bonds payable	217,087
School bond loan payable	11,081,205
Capital leases payable	5,009
Severance pay	17,400
Early retirement incentive	150,813
Accumulated sick leave	136,991
Total Noncurrent Liabilities	<u>43,388,505</u>
Total Liabilities	<u>47,685,155</u>
Net Assets	
Invested in capital assets, net of related debt	(11,764,778)
Restricted for:	
Debt service	(167,890)
Unrestricted	926,192
Total Net Assets	<u><u>\$(11,006,476)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Activities
For the year ended June 30, 2005

Functions/Programs	Expenses	Program Revenues Charges for Services	Operating Grants	Net (Expense) Revenue and Changes In Net Assets
Governmental Activities				
Instruction	\$ 10,910,409	\$ 69,711	\$ 2,133,828	\$ (8,706,870)
Supporting services	6,869,279	52,044	306,106	(6,511,129)
Community services	3,226	-	-	(3,226)
Food service	545,657	310,193	233,942	(1,522)
Athletics	580,309	189,461	-	(390,848)
Other	27,537	-	-	(27,537)
Interest expense	1,643,039	-	-	(1,643,039)
Depreciation - unallocated	981,113	-	-	(981,113)
Total Governmental Activities	\$ 21,560,569	\$ 621,409	\$ 2,673,876	(18,265,284)
General Revenues				
Taxes:				
Property taxes, levied for general operations				2,248,212
Property taxes, levied for debt service				2,734,652
State school aid, unrestricted				13,911,720
Interest and investment earnings				35,826
Other				112,225
Total General Revenues				19,042,635
Change in Net Assets				777,351
Net Assets - Beginning of Year				(11,783,827)
Net Assets - End of Year				<u><u>\$(11,006,476)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Balance Sheet
Governmental Funds
June 30, 2005

	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Assets			
Cash	\$ 800	\$ -	\$ 800
Cash equivalents (Note B)	834,599	88,496	923,095
Taxes receivable (Note C)	118,273	54,606	172,879
Accounts receivable	-	1,015	1,015
Due from other funds	-	147,671	147,671
Due from other governmental units (Note C)	2,827,547	3,134	2,830,681
Inventory (Note A)	-	7,583	7,583
Total Assets	<u><u>\$ 3,781,219</u></u>	<u><u>\$ 302,505</u></u>	<u><u>\$ 4,083,724</u></u>
Liabilities and Fund Balances			
Liabilities			
Accounts payable	\$ 143,849	\$ -	\$ 143,849
State aid loan payable (Note F)	1,200,000	-	1,200,000
Due to other funds	8,104	139,567	147,671
Due to other governmental units	217,885	-	217,885
Accrued interest payable	19,920	-	19,920
Salaries payable	854,261	-	854,261
Deferred revenue	118,273	54,606	172,879
Total Liabilities	<u><u>2,562,292</u></u>	<u><u>194,173</u></u>	<u><u>2,756,465</u></u>
Fund Balances			
Reserved for:			
Debt service	-	64,379	64,379
Unreserved:			
Undesignated, reported in:			
General fund	1,218,927	-	1,218,927
Special revenue funds	-	43,953	43,953
Total Fund Balances	<u><u>1,218,927</u></u>	<u><u>108,332</u></u>	<u><u>1,327,259</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 3,781,219</u></u>	<u><u>\$ 302,505</u></u>	<u><u>\$ 4,083,724</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2005

Total governmental fund balances		\$ 1,327,259
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$47,404,407 and accumulated depreciation is \$15,743,177.		
		31,661,230
Net bond premium and refunding and issuance costs are not expensed but are amortized over the life of the new bond issue.		
		1,081,396
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
General obligation bonds	\$(33,180,000)	
Durant non-plaintiff bonds	(234,883)	
State school bond loan	(11,081,205)	
Capital leases	(11,316)	
Severance pay	(27,400)	
Early retirement incentive	(203,772)	
Accumulated sick leave	(196,991)	
	<u>(44,935,567)</u>	
Accrued interest is not included as a liability in governmental funds.		
		(286,875)
Accrued settlement expenses are not included as a liability in governmental funds		
		(26,798)
Deferred revenue recognized as revenue in the full accrual statements:		
Property taxes		<u>172,879</u>
Total net assets - governmental activities		<u><u>\$ (11,006,476)</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the year ended June 30, 2005

	General	Nonmajor	Total
Revenues			
Local sources	\$ 2,471,996	\$ 3,244,954	\$ 5,716,950
State sources	14,238,448	17,852	14,256,300
Federal sources	790,311	216,090	1,006,401
Interdistrict sources	1,322,895	-	1,322,895
Total Revenues	<u>18,823,650</u>	<u>3,478,896</u>	<u>22,302,546</u>
Expenditures			
Current:			
Instruction	10,543,754	-	10,543,754
Supporting services	6,102,725	-	6,102,725
Community services	3,226	-	3,226
Food service	-	585,235	585,235
Athletics	-	569,707	569,707
Capital outlay	-	85,989	85,989
Debt service:			
Principal repayment	9,841	1,365,000	1,374,841
Interest and fiscal charges	521	1,295,159	1,295,680
Bond issuance costs	-	136,199	136,199
Underwriter's discount	-	49,376	49,376
Interdistrict	1,065,741	-	1,065,741
Total Expenditures	<u>17,725,808</u>	<u>4,086,665</u>	<u>21,812,473</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,097,842</u>	<u>(607,769)</u>	<u>490,073</u>
Other Financing Sources (Uses)			
Refunding bonds issued	-	17,955,000	17,955,000
Bond premium	-	878,689	878,689
Loan proceeds	-	413,971	413,971
Transfers in	-	364,328	364,328
Payments to escrow agent	-	(19,145,329)	(19,145,329)
Transfers out	(364,328)	-	(364,328)
Other	(4,328)	-	(4,328)
Total Other Financing Sources (Uses)	<u>(368,656)</u>	<u>466,659</u>	<u>98,003</u>
Net Change in Fund Balances	729,186	(141,110)	588,076
Fund Balances, Beginning of Year	<u>489,741</u>	<u>249,442</u>	<u>739,183</u>
Fund Balances, End of Year	<u><u>\$ 1,218,927</u></u>	<u><u>\$ 108,332</u></u>	<u><u>\$ 1,327,259</u></u>

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Reconciliation of the Statement of Revenues, Expenditures
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the year ended June 30, 2005

Net change in fund balances - total governmental funds **\$ 588,076**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is capitalized and the cost is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period:

Capital outlays	\$ 198,116	
Depreciation expense	<u>(1,238,221)</u>	(1,040,105)

As some delinquent personal property taxes will not be collected for several years after the District's fiscal year ends, they are not considered "available" revenues in the governmental funds, and are instead counted as deferred tax revenues. They are, however, recorded as revenues in the Statement of Activities. 35,374

Net bond refunding costs are amortized over the life of the new bond issue in the Statement of Activities. 594,006

Accrued settlement expenses are not included as a liability in governmental funds (26,798)

Proceeds from the sale of bonds or loans are an other financing source in the governmental funds, but increase long-term liabilities in the Statement of Net Assets. (18,728,537)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets and does not affect the Statement of Activities:

Repayment of general obligation bonds	19,200,000	
Repayment of installment purchase agreements	41,078	
Repayment of capital leases	<u>48,599</u>	19,289,677

Interest on long-term liabilities in the Statement of Activities differs from the amount reported on the governmental funds because interest is recorded as an expenditure in the funds when it is due and paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues regardless of when it is paid. 12,207

In the Statement of Net Assets, early retirement incentive, accumulated vacation pay and compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures are measured by the amount of financial resources used (essentially, the amounts actually paid). This year the amount of these benefits used/paid (\$132,752) exceeded the amounts earned (\$79,301). 53,451

Total changes in net assets - governmental activities **\$ 777,351**

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual
For the year ended June 30, 2005

	Budgeted Amounts		Actual	Variance With Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 2,432,536	\$ 2,519,083	\$ 2,471,996	\$ (47,087)
State sources	13,584,291	14,216,877	14,238,448	21,571
Federal sources	756,226	838,143	790,311	(47,832)
Interdistrict sources	1,086,000	1,247,583	1,322,895	75,312
Total Revenues	17,859,053	18,821,686	18,823,650	1,964
Expenditures				
Current:				
Instruction:				
Basic programs	8,508,386	8,533,431	8,390,095	143,336
Added needs	2,065,775	2,197,807	2,153,659	44,148
Supporting services:				
Pupil services	1,095,441	633,162	672,834	(39,672)
Instructional staff services	616,758	659,959	626,233	33,726
General administrative services	341,602	374,740	377,279	(2,539)
School administrative services	1,076,179	1,099,790	1,120,034	(20,244)
Business services	341,152	434,330	471,579	(37,249)
Operation and maintenance services	1,706,649	1,691,542	1,671,675	19,867
Pupil transportation services	1,089,175	910,775	916,247	(5,472)
Central services	238,500	244,500	246,844	(2,344)
Community services	2,400	3,611	3,226	385
Debt service:				
Principal repayment	9,841	9,841	9,841	-
Interest and fiscal charges	20,000	14,881	521	14,360
Interdistrict	355,000	1,143,000	1,065,741	77,259
Total Expenditures	17,466,858	17,951,369	17,725,808	225,561
Excess Of Revenues Over Expenditures	392,195	870,317	1,097,842	227,525
Other Financing Sources (Uses)				
Transfers out	(360,000)	(372,924)	(364,328)	8,596
Other	-	-	(4,328)	(4,328)
Total Other Financing Sources (Uses)	(360,000)	(372,924)	(368,656)	4,268
Net Change in Fund Balances	32,195	497,393	729,186	231,793
Fund balances, July 1	489,741	489,741	489,741	-
Fund balances, June 30	\$ 521,936	\$ 987,134	\$ 1,218,927	\$ 231,793

See accompanying notes to basic financial statements.

COMSTOCK PARK PUBLIC SCHOOLS
Fiduciary Fund
Statement of Fiduciary Assets and Liabilities
June 30, 2005

Assets

Cash equivalents (Note B)	<u>\$ 173,005</u>
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Liabilities

Due to student groups	<u>\$ 173,005</u>
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See accompanying notes to basic financial statements.

NOTES TO BASIC FINANCIAL STATEMENTS

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Note A – Summary of Significant Accounting Policies

Comstock Park Public Schools was organized under the School Code of the State of Michigan and services a population of approximately 2,406 students. The District is governed by an elected Board of Education consisting of seven members and administered by a Superintendent who is appointed by the aforementioned Board. The District provides a comprehensive range of educational services as specified by state statute and Board of Education policy. These services include elementary education, secondary education, pre-school programs, athletic activities, special education, community services and general administrative services. The Board of Education also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The financial statements of Comstock Park Public Schools (the “District”) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to school districts. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The more significant of the District’s accounting policies are described below.

1. Reporting Entity

The financial reporting entity consists of a primary government and its component units. The District is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate and is fiscally independent of other state or local governments. Furthermore, there are no component units combined with the District for financial statement presentation purposes, and the District is not included in any other governmental reporting entity. Consequently, the District’s financial statements include the funds of those organizational entities for which its elected governing board is financially accountable.

2. District-Wide and Fund Financial Statements

District-Wide Financial Statements - The district-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) present financial information about the District as a whole. The reported information includes all of the nonfiduciary activities of the District. The District does not allocate indirect costs and, for the most part, the effect of interfund activity has been removed. These statements are to distinguish between the *governmental* and *business-type activities* of the District. *Governmental activities* normally are supported by taxes and intergovernmental revenues, and are reported separately from *business-type* activities, which rely to a significant extent on fees and charges for support. The District does not have any business-type activities.

The Statement of Net Assets is presented on the classified basis and is reported on the full accrual, economic resource basis, which recognizes all long-term assets as well as all long-term debt and obligations. The District’s net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets, and unrestricted net assets.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function. *Program revenues* include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Property taxes, unrestricted state aid, interest earnings and other items not included among program revenues are reported instead as *general revenues*.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Separate financial statements are provided for governmental and fiduciary funds, even though the latter are excluded from the government wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. The General Fund is the District's only major fund. Non-major funds are aggregated and presented in a single column.

Fund Financial Statements – Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Fund level statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances. The Balance Sheet reports current assets, current liabilities and fund balances. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources and uses of current financial resources. This differs from the economic resources measurement focus used to report at the district-wide level. Reconciliations between the two sets of statements are provided in separate statements.

Revenues are recognized when susceptible to accrual; i.e., both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days after the end of the current fiscal period. Expenditures are generally recorded when the liability is incurred, if they are paid within 60 days after the end of the current fiscal period. The exception to this general rule is that principal and interest on long-term debt is recognized when due.

Revenues susceptible to accrual are property taxes, state aid, federal and interdistrict revenues and investment income. Other revenues are recognized when received. Deferred revenue arises when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenue also arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of the qualifying expenditures.

3. Measurement Focus, Basis of Accounting and Financial Statement Presentation

District-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as is the fiduciary fund financial statement. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met.

The State of Michigan utilizes a foundation allowance approach, which provides for a specific annual amount of revenue per student based on a state-wide formula. The foundation allowance is funded from a combination of state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The State portion of the foundation is provided from the State's School Aid Fund and is recognized as revenues in accordance with state law and accounting principles generally accepted in the United States of America.

Governmental Funds

Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use, and balances of a school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

General Fund—The General Fund is the general operating fund of a school district. It is used to account for all financial resources, except those required to be accounted for in another fund. Included are all transactions related to the current operating budget.

Special Revenue Funds—Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes.

School Service Funds—School Service Funds are used to segregate, for administrative purposes, the transactions of a particular activity from regular revenue and expenditure accounts. A school district maintains full control of these funds. The School Service Funds maintained by the District are the Food Service and Athletics Funds.

Debt Service Funds—Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt (bonds, notes, loans, leases and school bond loan) principal, interest, and related costs.

Capital Projects Funds—Capital Projects Funds are used to record bond proceeds, property tax revenues or other revenues and the disbursement of monies specifically designated for acquiring new school sites, buildings, equipment and for major remodeling and repairs. The funds are retained until the purpose for which the funds were created has been accomplished.

The Capital Projects Funds include capital project activities funded with bonds issued after May 1, 1994. For these capital projects, the District has complied with the applicable provisions of Section 1351a of the State of Michigan's School Code.

Fiduciary Funds

Fiduciary Funds are used to account for assets held by a school district in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds. Fiduciary Fund net assets and results of operations are not included in the district-wide financial statements. Fiduciary funds are reported using the economic resources measurement focus.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District presently maintains a Student Activities Fund to record the transactions of student groups for school and school related purposes. The funds are segregated and held in trust for the students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the district-wide and fiduciary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted as they are needed.

4. Budgets and Budgetary Accounting

State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act) requires that the General Fund of a school district be under budgetary control and that both budgeted and actual financial results do not incur a deficit. Comstock Park Public Schools has also adopted budgets for its Special Revenue Funds. A school

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

district's General Appropriations Resolution (the "budget") must be adopted before the beginning of each fiscal year. No violations (dollar deviations) from a district's budget may occur without a corresponding amendment to the budget. A school district has the ability to amend the budget provided that the amendment is prior to the occurrence of the deviation and prior to the fiscal year-end. A school district may also permit the chief administrative or fiscal officer to execute transfers between line items, within defined dollar or percentage limits, without prior approval of the Board of Education. Expenditures may not legally exceed budgeted appropriations at the fund level. All appropriations lapse at the end of the fiscal year.

Comstock Park Public Schools utilizes the following procedures in establishing the budgetary data reflected in the financial statements:

- Starting in the spring, District administrative personnel and department heads work with the Superintendent and Business Manager to establish proposed operating budgets for the fiscal year commencing the following July 1.
- In June, preliminary operating budgets are submitted to the Board of Education. These budgets include proposed expenditures and the means of financing them.
- Prior to June 30, a public hearing is held to obtain taxpayer comments on the proposed budgets.
- After the budgets are finalized, the Board of Education adopts an appropriations resolution setting forth the amount of the proposed expenditures and the sources of revenue to finance them.
- The original General and Special Revenue Funds budgets were amended during the year in compliance with State of Michigan Public Act 621 (the Uniform Budgetary and Accounting Act).
- Budgets for the General and Special Revenue Funds were adopted on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

5. Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the governmental funds. There were no substantial encumbrances outstanding at year end.

6. Investments

Investments are recorded at fair value, based on quoted market prices, or estimated fair value. Investment income is composed of interest and net changes in the fair value of applicable investments.

7. Inventory

Inventories are valued at cost (first-in, first-out). Inventories of the Food Service Fund consist of food, unused commodities and other nonperishable supplies. Disbursements for inventory-type items are recorded as expenditures at the time of use for each fund.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

8. Capital Assets

Capital assets, which include land, land improvements, buildings, vehicles and furniture and equipment, are reported in the district-wide financial statements. Assets having a useful life in excess of one year and whose costs exceed \$5,000 are capitalized. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are stated at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend an asset's useful life are not capitalized. Improvements are capitalized and depreciated over the remaining useful life of the related assets.

Land improvements, buildings and improvements, vehicles and furniture and equipment are depreciated using the straight-line method over the following estimated useful lives:

Land improvements	10-20 years
Buildings and improvements	40-50 years
Vehicles	5-10 years
Furniture and equipment	3-10 years

9. Long-Term Obligations

In the district-wide financial statements, long-term debt and other long-term obligations are reported as liabilities on the Statement of Net Assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds. Bonds payable are reported at the total amount of bonds issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuance are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

10. Early Retirement Incentive/Severance Pay/Accumulated Sick Leave and Vacation Pay

Early retirement incentive, severance pay, and accumulated sick leave and vacation pay at June 30, 2005 have been computed and recorded in the basic financial statements of the District. Eligible District employees who select early retirement are entitled to a termination leave payment based on their age and years of service. Employees who leave the District are also entitled to reimbursement for a portion of their unused sick days. At June 30, 2005, the accumulated liabilities, including salary related payments, (expected to be financed by General Fund revenues) for early retirement incentive, severance pay, and accumulated sick leave and vacation pay amounted to \$203,772, \$27,400 and \$196,991, respectively.

11. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for expenditures or are legally segregated for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

12. Interfund Activity

Flows of cash from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers between governmental funds are eliminated in the Statement of Activities. Interfund transfers in the fund financial statements are reported as other financing sources/uses.

13. Estimates

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Note B – Cash Equivalents

The State of Michigan allows a political subdivision to authorize its Treasurer or other chief fiscal officer to invest surplus funds belonging to and under the control of the entity as follows:

- Bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.
- Certificates of deposit, savings accounts, deposit accounts, or depository receipts of a financial institution, but only if the financial institution is a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this State under the laws of this State or the United States.
- Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and that matures not more than 270 days after the date of the purchase.
- Securities issued or guaranteed by agencies or instrumentalities of the United States government.
- United States government or Federal agency obligation repurchase agreements.
- Banker's acceptances issued by a bank that is a member of the Federal Deposit Insurance Corporation.
- Mutual funds composed entirely of investment vehicles which are legal for direct investment by a school district in Michigan.
- Investment pools, as authorized by the surplus funds investment pool act, Act No. 367 of the Public Acts of 1982, being sections 129.11 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district in Michigan.

Cash Equivalents

Depositories actively used by the School during the year are detailed as follows:

1. Huntington National Bank
2. Mercantile Bank

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Balances at June 30, 2005 related to cash equivalents are detailed in the Basic Financial Statements as follows:

Governmental Funds	\$ 923,095
Fiduciary Funds	<u>173,005</u>
	<u><u>\$ 1,096,100</u></u>

Cash equivalents consist of bank public funds checking and money market accounts.

June 30, 2005 balances are detailed as follows:

Cash equivalents	<u>\$ 1,096,100</u>
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Custodial credit risk

Custodial credit risk is the risk that in the event of bank failure, the District's deposits may not be returned to the District. Protection of District cash equivalents are provided by the Federal Deposit Insurance Corporation. At year end, the carrying amount of the District's cash equivalents and deposits was \$1,096,100 and the bank balance was \$1,519,228. Of the bank balance, \$200,000 was covered by federal depository insurance and \$1,319,228 was uninsured.

Note C – State School Aid/Property Taxes

On March 15, 1994, the voters of the State of Michigan approved Proposal A, which increased the State Sales and Use Tax rates from 4% to 6% and established a State Education Tax at a rate of 6 mills on all property, except that which is exempt by law from ad valorem property taxes, and dedicated the additional revenues generated to Michigan school districts. The amount of 2004 ad valorem State Education Taxes generated within the Comstock Park Public School District, and paid to the State of Michigan, totaled \$5,931,416.

These additional State revenues pass through to Michigan school districts in the form of a per pupil "Foundation Allowance" paid on a "blended count" of District pupil membership in February, 2004 and September, 2004. The 2004-05 "Foundation Allowance" for Comstock Park Public Schools was \$6,715 for 2,381 "Full Time Equivalent" students, generating \$14,233,425 in state aid payments to the District of which \$2,578,284 was paid to the District in July and August, 2005 and is included in "Due From Other Governmental Units" of the General Fund and Food Service Special Revenue Fund at June 30, 2005.

Property taxes for the District are levied July 1 by the Charter Townships of Alpine and Plainfield and the City of Walker. The taxes are then collected by each governmental unit and remitted to the District. The County of Kent, through its Delinquent Tax Revolving Fund, advances all delinquent real property taxes at March 1 to the District each year prior to June 30. Delinquent personal property taxes receivable are detailed as follows:

<u>Year</u>	<u>General</u>	<u>Debt Service</u>	<u>Total</u>
2004	\$ 49,209	\$ 21,809	\$ 71,018
2003	41,050	18,226	59,276
2002	28,014	14,571	42,585
	<u>\$ 118,273</u>	<u>\$ 54,606</u>	<u>\$ 172,879</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Taxes uncollected after three years from the date of levy, unless material in amount, are written off on the books of the District.

Section 1211(1) of 1993 PA 32 states that beginning in 1994, the board of a school district shall levy not more than 18 mills, if approved by voters, for school operating purposes, or the number of mills levied in 1993, whichever is less, on non-homestead property only, in order to be eligible to receive funds under the State School Aid Act of 1979. After 1996, electors may approve a 3 mill "Local Enhancement Millage" which must be shared between all local districts in each respective county intermediate district.

As Comstock Park Public Schools electors had previously (June 10, 1996) approved an operating millage extension, the 18 mill non-homestead property tax was levied in the District for 2004.

The District levied 8.162 mills in 2004 for debt service purposes, applied on all taxable property in the District.

Taxable property in the District is assessed initially at 50% of true cash value by the assessing officials of the various units of government that comprise the District. These valuations are then equalized by the county and finally by the State of Michigan, generating the State Equalized Valuation. Taxable valuation increases will be limited, or capped (known as capped valuation), at 5% or the rate of inflation, whichever is less. With the implementation of Proposal A, taxable property is now divided into two categories: homestead and non-homestead.

Homestead property is exempt from the 18 mill "School Operating" tax. It is not exempt from the 6 mill "State Education" tax, any voted "Local Enhancement Millage", nor any additional voted millage for the retirement of debt.

Non-homestead property is considered to be all property not qualifying for a homestead exemption, which includes all commercial and industrial property. Non-homestead property is subject to all District levies.

Note D – Interfund Receivables/Payables and Transfers

Amounts due from (to) other funds, representing corrections of the allocations of 2004 property tax receipts, are detailed as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund:		
Debt Service Fund:		
2003 Debt Service Fund	\$ —	\$ 8,104
Debt Service Funds:		
1993 Debt Service Fund:		
1999 Debt Service Fund	—	31,435
1996 Debt Service Fund:		
1999 Debt Service Fund	—	24,974
2003 Debt Service Fund	—	83,158
	<u>—</u>	<u>108,132</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

	<u>Due From</u>	<u>Due To</u>
1999 Debt Service Fund:		
1993 Debt Service Fund	\$ 31,435	\$ —
1996 Debt Service Fund	24,974	—
	<u>56,409</u>	<u>—</u>
2003 Debt Service Fund:		
General Fund	8,104	—
1996 Debt Service Fund	83,158	—
	<u>91,262</u>	<u>—</u>
Total All Funds	<u><u>\$ 147,671</u></u>	<u><u>\$ 147,671</u></u>

The General Fund transfer of \$364,328 to the Athletics Fund was made to pay the General Fund's share of support for the athletic program for the fiscal year.

Note E – Capital Assets

Capital asset activity for the year ended June 30, 2005 was as follows:

	<u>Balances July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances June 30, 2005</u>
Capital assets not depreciated:				
Land	\$ 640,410	\$ —	\$ —	\$ 640,410
Capital assets being depreciated:				
Land improvements	752,082	10,265	—	762,347
Buildings and additions	37,634,793	—	—	37,634,793
Furniture and equipment	7,095,622	73,276	—	7,168,898
Vehicles	1,083,384	114,575	—	1,197,959
	<u>47,206,291</u>	<u>\$ 198,116</u>	<u>\$ —</u>	<u>47,404,407</u>
Totals at historical cost				
	<u>47,206,291</u>	<u>\$ 198,116</u>	<u>\$ —</u>	<u>47,404,407</u>
Less accumulated depreciation for:				
Land improvements	463,836	\$ 8,054	\$ —	471,890
Buildings and additions	7,620,689	837,065	—	8,457,754
Furniture and equipment	5,459,881	351,291	—	5,811,172
Vehicles	960,550	41,811	—	1,002,361
	<u>14,504,956</u>	<u>\$ 1,238,221</u>	<u>\$ —</u>	<u>15,743,177</u>
Total accumulated depreciation				
	<u>14,504,956</u>	<u>\$ 1,238,221</u>	<u>\$ —</u>	<u>15,743,177</u>
Net Capital Assets	<u><u>\$ 32,701,335</u></u>			<u><u>\$ 31,661,230</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Depreciation expense was charged to District activities as follows:

Governmental activities:	
Instruction	\$ 140,582
Supporting services	95,196
Food service	10,727
Athletics	10,602
Unallocated	981,113
	<u>\$ 1,238,221</u>

Note F – Short-term Debt

The \$900,000 October 21, 2003 state aid anticipation loan was repaid on October 21, 2004. On October 21, 2004, the District borrowed \$1,200,000 in anticipation of state aid (interest at 2.49%), due in full on October 21, 2005. Interest expense on the loans was \$34,280 for the fiscal year.

Note G – Long-term Debt

Amounts available and to be provided for outstanding long-term debt at June 30, 2005 are summarized as follows:

	Bond Issues	State School Bond Loan	Capital Leases	Severance/Early Retirement Incentive/ Sick Leave	Total
Amounts Available For Retirement Of Long-Term Debt					
Debt Service Funds	\$ 64,379	\$ —	\$ —	\$ —	\$ 64,379
Amounts To Be Provided For Retirement Of Long-Term Debt					
State of Michigan	234,883	—	—	—	234,883
General Fund	—	—	11,316	428,163	439,479
Debt Service Funds	33,115,621	11,081,205	—	—	44,196,826
Total Amounts Available and To Be Provided	<u>\$33,414,883</u>	<u>\$ 11,081,205</u>	<u>\$ 11,316</u>	<u>\$ 428,163</u>	<u>\$44,935,567</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

Changes in long-term debt for the year ended June 30, 2005 are summarized as follows:

	Debt Outstanding July 1, 2004	Debt Added	Debt Retired	Debt Outstanding June 30, 2005
General obligation bonds:				
November 1, 1993	\$ 3,145,000	\$ —	\$ —	\$ 3,145,000
November 1, 1996	9,825,000	—	9,525,000	300,000
November 1, 1999	9,875,000	—	8,845,000	1,030,000
February 24, 2003	11,580,000	—	830,000	10,750,000
February 24, 2005	—	17,955,000	—	17,955,000
Durant non-plaintiff bonds:				
November 13, 1998	234,883	—	—	234,883
State school bond loan	10,307,668	773,537	—	11,081,205
Installment purchase agreements	41,078	—	41,078	—
Capital leases	59,915	—	48,599	11,316
Severance pay	33,200	4,000	9,800	27,400
Early retirement incentive	265,731	—	61,959	203,772
Accumulated sick leave	182,683	75,601	60,993	196,991
	<u>\$ 45,550,158</u>	<u>\$ 18,807,838</u>	<u>\$ 19,422,429</u>	<u>\$ 44,935,567</u>

Long-term bonds and capital leases outstanding at June 30, 2005 are comprised of the following:

	Final Maturity Dates	Interest Rates	Outstanding Balance	Amount Due Within One Year
General Obligation Bonds				
\$19,370M Building and Site November 1, 1993: Annual maturities of 1,005M to 1,100M	May 1, 2011	7.875	\$ 3,145,000	\$ —
\$11,900M Building and Site November 1, 1996: Annual maturities of 300M	May 1, 2026	6.00	300,000	300,000
\$10,725M Building and Site November 1, 1999: Annual maturities of 235M to 265M	May 1, 2029	5.45	1,030,000	245,000
\$12,320M Refunding February 24, 2003: Annual maturities of 350M to 1,330M	May 1, 2023	2.50-5.25	10,750,000	855,000
\$17,955M Refunding February 24, 2005: Annual maturities of 375M to 1,000M	May 1, 2028	3.125-5.00	17,955,000	—
Durant Non-plaintiff Bonds				
\$367,657 School Improvement November 13, 1998: Annual maturities of 18M to 89M	May 15, 2013	4.761353	234,883	17,796
Capital Leases				
Equipment September 15, 2001	August 15, 2005	N/A	395	395
Equipment January 15, 2006	January 15, 2006	N/A	2,219	2,219
Equipment September 12, 2002	September 12, 2007	7.209	8,702	3,693
			<u>\$ 33,426,199</u>	<u>\$ 1,424,103</u>

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

The District is required to obtain loans from the Michigan School Bond Loan Fund (the “Fund”) for the payment of the annual maturities of its general obligation bonds. There is no fixed maturity schedule for the repayment of these loans. Instead, the principal and interest are payable when taxes levied for debt service are no longer needed to retire bonded debt. During the year, the District borrowed \$413,971 from the Fund and \$359,566 of accrued interest was added to the District’s liability to the Fund. At June 30, 2005, the District owed the Fund a total of \$11,081,205.

The annual requirements to pay principal and interest on long-term bonds and capital leases outstanding are as follows:

Year Ended June 30	Principal	Interest	Total
2006	\$ 1,424,103	\$ 1,711,690	\$ 3,135,793
2007	1,507,611	1,508,362	3,015,973
2008	1,540,569	1,460,266	3,000,835
2009	1,650,461	1,406,763	3,057,224
2010	1,822,835	1,330,121	3,152,956
2011	1,862,455	1,194,996	3,057,451
2012	1,978,523	1,077,700	3,056,223
2013	2,054,643	998,381	3,053,024
2014	2,115,000	916,007	3,031,007
2015	2,200,000	827,358	3,027,358
2016	1,490,000	722,733	2,212,733
2017	1,365,000	651,908	2,016,908
2018	1,365,000	597,031	1,962,031
2019	1,360,000	540,787	1,900,787
2020	1,355,000	474,587	1,829,587
2021	1,355,000	407,725	1,762,725
2022	1,355,000	340,863	1,695,863
2023	1,350,000	273,999	1,623,999
2024	1,000,000	207,375	1,207,375
2025	1,000,000	157,375	1,157,375
2026	1,000,000	107,375	1,107,375
2027	425,000	57,375	482,375
2028	425,000	38,250	463,250
2029	425,000	19,124	444,124
	<u>\$33,426,199</u>	<u>\$17,028,050</u>	<u>\$50,454,249</u>

On February 24, 2005, the District issued \$17,955,000 in general obligation bonds with an average interest rate of 4.21918% to advance refund \$17,835,000 of outstanding 1996 and 1999 general obligation bonds with an effective interest rate of 5.60363%, resulting in a net present value savings of \$1,501,524. The net proceeds (\$19,145,329 after the net premium of \$878,689, District contribution of \$497,215 and payment of \$185,575 in underwriting fees, insurance and other issuance costs) were deposited with an escrow agent and used to purchase

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

United States government securities. Under the terms of the agreement these securities, together with the interest earned to maturity, will be sufficient to pay principal and interest as it becomes due. This procedure relieves the District from being primarily liable for the debt and the District is virtually assured of not being required to make further payments with respect to the debt. These funds are not commingled with other funds and cannot be redeemed prior to maturity. Any excess funds will be returned to the District upon final payment of principal and interest (Scheduled to be May 1, 2006). This defeasance procedure allows the District to remove the related assets and liabilities from its financial statements, which it has done. The assets, now held by the escrow agent to be used for the remaining principal and interest due of \$20,297,870 on the defeased debt at June 30, 2005 are detailed in the following schedule:

	<u>Cost</u>	<u>Market Value</u>	<u>Par Value</u>
U.S. Government Securities	<u>\$ 18,648,114</u>	<u>\$ 18,648,114</u>	<u>\$ 18,648,114</u>

Note H – Retirement Plan

Substantially all District employees participate in the Michigan Public School Employees' Retirement System (MPERS), a statewide, cost sharing, multiple employer defined benefit public employee retirement system governed by the State of Michigan. The District's payroll for employees covered by MPERS for the year ended June 30, 2005 was \$9,977,370. A Basic Plan member may retire at age 55 with 30 or more years of credited service or at age 60 with 10 or more years of credited service. The annual retirement benefit, payable monthly for life, is equal to 1½ percent of a member's final average compensation multiplied by his/her number of years of credited service. Final average compensation is the employee's average salary over the last 5 years of credited service. Vested employees may retire at or after age 55 with 15 years of service and receive reduced retirement benefits.

School districts in the State of Michigan are required to contribute at a rate, annually determined by the State of Michigan, of covered employees' compensation to the MPERS plan. The contribution rate was 12.99% for the fiscal year ending September 30, 2004 and 14.87% for the fiscal year beginning October 1, 2004. The District's contributions to the plan for the fiscal years ended June 30, 2005, 2004 and 2003 were \$1,464,402, \$1,340,575 and \$1,348,837, respectively.

The "actuarial accrued liability" is a standardized disclosure method of the present value of pension benefits, adjusted for the effects of projected salary increases and step-rate benefits, estimated to be payable in the future as a result of employee service to date. The measure, which is the actuarial present value of credited projected benefits, is intended to help users assess the MPERS' funding status on a going concern basis, assess progress made in accumulating sufficient assets to pay benefits when due and make comparisons among public employee retirement systems and employers.

The MPERS does not make separate measurements of assets and actuarial accrued liability for individual schools. The actuarial accrued liability at September 30, 2003 (the latest reporting date available expressed as \$ in millions) for the MPERS as a whole, determined through an actuarial valuation performed as of that date, was \$44,769. The MPERS' net assets available for benefits on that date were \$38,726 leaving an unfunded pension benefit obligation of \$6,043. Ten year historical trend information showing the MPERS' progress in accumulating sufficient assets to pay benefits when due is presented in the September 30, 2004 Annual Report of the MPERS, which may be obtained by contacting the System at P.O. Box 30171, Lansing, Michigan 48909-7671.

COMSTOCK PARK PUBLIC SCHOOLS
Notes to Basic Financial Statements
June 30, 2005

The total actuarial accrued liability (expressed as \$ in millions) increased by \$2,812 from September 30, 2002 to September 30, 2003. Not included in the pension benefit obligation above is any future obligation attributable to health, dental and vision insurance benefits which are funded on a cash disbursement basis. With the passage of Act 279 of 1996, making permanent the cash basis financing of health, dental and vision benefits, actuarially calculated liabilities for these benefits are no longer disclosed on the balance sheets.

Prior to January 1, 1990, participating employees could elect coverage under either the noncontributory Basic Plan or the contributory Member Investment Plan (MIP). Effective January 1, 1990, all new employees are automatically enrolled in MIP. Participants in MIP, who receive benefits in addition to those available under the Basic Plan, contribute a percentage of salary. The graduated contribution rate is based on total wages and is calculated at 3% of the first \$5,000; 3.6% of the next \$10,000; and 4.3% of all wages over \$15,000. MIP members may retire at any age with 30 years of service, or at age 60 with 5 years of service, with benefits based on a final average compensation period of 5 years for members of the Basic Retirement Plan and 3 years for members of the MIP Retirement Plan.

Post-employment benefits for health, dental, and vision insurance are available at retirement through the MPSERS. Retirees contribute an amount equivalent to the monthly cost for Part B Medicare and 10 percent of the monthly premium amount for the health, dental and vision coverage. Required contributions for post-employment health care benefits are included as part of the District's total contribution to the MPSERS as discussed above.

Note I – Risk Management and Benefits

The District is a member of the West Michigan Risk Management Trust, a self-insurance program with districts pooling together to insure property, liability and auto exposure. Premiums from members of the Trust are determined through standard underwriting procedures. The members of the Trust have contributed amounts sufficient to fund individual and aggregate losses up to \$175,000 and \$865,000, respectively, on an annual basis. Excess insurance has been purchased to cover claims exceeding those amounts. A \$1,000 per occurrence deductible for property losses is maintained. The District paid \$85,642 in premiums to the Trust for the year ended June 30, 2005.

The District is also a member of the West Michigan Workers' Compensation Fund, a self-insurance program with districts pooling together to insure workers' compensation and employers' liability exposures. The Fund pays the first \$300,000 of any workers' compensation or employers' liability loss out of a \$1,833,000 loss fund collected from members. Excess insurance has been purchased to cover claims exceeding those amounts. As of June 30, 2005, there were no material pending claims against the District. The District paid \$72,794 in premiums to the Fund for the year ended June 30, 2005.

Health, life and other employee insurance is provided by private insurance carriers. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note J – Stewardship, Compliance and Accountability

The following District funds had actual expenditures exceed final budgeted expenditures for the year ended June 30, 2005, as follows:

	Budget	Actual	Unfavorable Variance
Special Revenue Funds			
Athletics	\$ 512,062	\$ 569,707	\$ 57,645
Food Service	579,827	585,235	\$ 5,408

SUPPLEMENTAL INFORMATION

GENERAL FUND

To account for resources which are traditionally associated with the general operation of the District and not required to be accounted for in another fund.

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash	\$ 800	\$ 800
Cash equivalents	834,599	297,162
Receivables:		
Taxes	118,273	93,341
Accounts	-	2,502
Due from other governmental units	2,827,547	2,779,942
Prepaid expenditures	-	8,728
Total Assets	<u><u>\$ 3,781,219</u></u>	<u><u>\$ 3,182,475</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	\$ 143,849	\$ 522,438
State aid loan payable	1,200,000	900,000
Due to other funds	8,104	1,229
Due to other governmental units	217,885	258,858
Accrued interest payable	19,920	9,942
Salaries payable	854,261	868,154
Deferred revenue	118,273	132,113
Total Liabilities	<u>2,562,292</u>	<u>2,692,734</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,218,927</u>	<u>489,741</u>
Total Liabilities and Fund Balance	<u><u>\$ 3,781,219</u></u>	<u><u>\$ 3,182,475</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Revenues
For the years ended June 30, 2005 and 2004

	2005	2004
Local sources:		
Property taxes:		
Current property taxes	\$ 2,215,251	\$ 2,162,108
Delinquent property taxes	5,051	8,790
Other property taxes	14	355
Interest on delinquent taxes	2,964	3,576
	<u>2,223,280</u>	<u>2,174,829</u>
Interest earnings:		
Interest on deposits	14,736	4,722
Other local revenue:		
Tuition	4,788	3,675
Preschool fees	64,923	70,995
Transportation fees	45,832	16,613
Telephone commissions	6,212	12,375
Sale of school property	3,088	18,353
Rental of school facilities	3,182	3,383
Donations	8,390	4,759
Beverage consortium commissions	56,774	35,958
Refunds of expenditures	31,224	21,293
Miscellaneous	9,567	4,930
	<u>233,980</u>	<u>192,334</u>
Total local sources	2,471,996	2,371,885
State sources:		
State aid	14,236,490	13,634,489
School improvement	1,958	1,913
	<u>14,238,448</u>	<u>13,636,402</u>
Federal sources:		
Title I	206,692	191,681
Title IIA	56,656	73,517
Title IID	9,613	2,069
Title V	1,418	1,799
I.D.E.A. program	502,385	411,887
Drug free schools	7,934	4,267
Medicaid - school based	1,174	5,580
RESA grant	4,439	-
EDP grant	-	1,000
	<u>790,311</u>	<u>691,800</u>
Total federal sources	790,311	691,800
Interdistrict sources:		
Special education - county	938,154	629,762
Special education - tuition	26,245	-
Special education - transportation	306,106	-
Durant settlement reimbursements	19,883	13,042
Medicaid fee for service	15,507	26,862
Gifted and talented	-	2,533
Career preparation	17,000	18,858
	<u>1,322,895</u>	<u>691,057</u>
Total interdistrict sources	1,322,895	691,057
Total Revenues	<u><u>\$ 18,823,650</u></u>	<u><u>\$ 17,391,144</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Current:		
Instruction:		
Basic programs:		
Elementary:		
Salaries:		
Teachers	\$ 2,419,859	\$ 2,360,203
Instructional assistants	114,359	110,086
Substitutes	57,459	57,839
Employee benefits:		
Employee insurance	536,528	503,247
Early retirement incentive	11,232	11,232
Board paid annuities	17,119	23,432
Tuition reimbursement	6,508	6,060
Retirement	381,637	327,079
Social Security	198,849	193,518
Workers' compensation insurance	8,763	6,283
Local travel	716	270
Workshops and conferences	-	517
Equipment rental	11,083	12,403
Teaching supplies	41,780	36,659
Textbooks	31,832	54,663
Other supplies and materials	25,198	5,435
Dues and fees	720	550
	3,863,642	3,709,476
Middle school:		
Salaries:		
Teachers	1,094,412	1,121,290
Instructional assistants	29,896	24,464
Other professionals	1,463	1,844
Substitutes	26,923	35,521
Employee benefits:		
Employee insurance	294,305	273,802
Early retirement incentive	19,685	19,685
Board paid annuities	9	35
Tuition reimbursement	864	3,300
Retirement	166,748	149,770
Social Security	89,047	91,006
Workers' compensation insurance	4,142	3,267
Local travel	82	76
Workshops and conferences	324	-
Equipment rental	3,447	2,897
Teaching supplies	19,177	21,107
Textbooks	45,349	24,948
Miscellaneous supplies	1,951	1,080
Dues and fees	1,130	650
	1,798,954	1,774,742
High school:		
Salaries:		
Teachers	1,651,421	1,676,075
Instructional assistants	19,687	20,511
Other professionals	24,671	29,564
Substitutes	28,775	42,735

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
High school: (Continued)		
Employee benefits:		
Employee insurance	\$ 342,012	\$ 354,462
Early retirement incentive	11,042	11,042
Board paid annuities	10,033	10,560
Tuition reimbursement	10,189	3,900
Retirement	251,685	227,012
Social Security	132,603	136,601
Workers' compensation insurance	5,904	4,493
Other professional and technical services	267	-
Local travel	721	609
Workshops and conferences	-	(188)
Printing and binding	334	239
Tuition - dual enrollment	-	4,783
Equipment rental	28,648	13,120
Teaching supplies	45,027	44,420
Textbooks	26,789	6,055
Miscellaneous supplies	11,852	9,143
New equipment and furniture	4,731	-
Dues and fees	1,175	900
Miscellaneous	1,194	1,011
	<u>2,608,760</u>	<u>2,597,047</u>
Preschool:		
Salaries:		
Teachers	51,553	48,547
Instructional assistants	24,037	24,971
Substitutes	1,463	525
Employee benefits:		
Employee insurance	16,560	15,099
Retirement	11,433	9,618
Social Security	5,895	5,665
Workers' compensation insurance	273	198
Local travel	23	108
Workshops and conferences	664	521
Teaching supplies	3,177	3,357
Miscellaneous supplies and materials	3,336	2,545
Dues and fees	325	359
	<u>118,739</u>	<u>111,513</u>
Total basic programs	8,390,095	8,192,778
Added needs:		
Special education:		
Salaries:		
Teachers	1,025,693	968,230
Instructional assistants	175,396	187,837
Substitutes	12,816	-
Employee benefits:		
Employee insurance	318,474	272,132
Board paid annuities	-	11,450
Retirement	186,086	150,175
Social Security	96,819	89,088
Workers' compensation insurance	4,411	3,136
Cash in lieu of benefits	3,629	-

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Special education: (Continued)		
Local travel	\$ -	\$ 70
Workshops and conferences	-	346
Teaching supplies	9,143	5,738
	<u>1,832,467</u>	<u>1,688,202</u>
Compensatory education:		
Salaries:		
Teachers	143,039	130,902
Instructional assistants	34,150	30,475
Employee benefits:		
Employee insurance	38,704	33,902
Board paid annuities		2,640
Retirement	25,977	20,963
Social Security	13,656	12,477
Workers' compensation insurance	463	313
Cash in lieu of benefits	2,640	-
Purchased services	391	-
Workshops and conferences	1,320	33
Teaching supplies	52,864	36,281
New equipment and furniture	44	7,994
Miscellaneous	5,896	-
	<u>319,144</u>	<u>275,980</u>
Career and tech education:		
Teaching supplies	2,048	-
Total added needs	<u>2,153,659</u>	<u>1,964,182</u>
Supporting services:		
Pupil services:		
Guidance services:		
Salaries:		
Counselors	300,639	307,979
Clerical	53,753	51,464
Employee benefits:		
Employee insurance	71,437	73,689
Retirement	45,625	39,834
Social Security	26,974	27,395
Workers' compensation insurance	1,112	1,106
Cash in lieu of benefits	2,573	-
Pupil services	8,894	6,763
Equipment repair and maintenance	110	516
Other supplies and materials	385	949
	<u>511,502</u>	<u>509,695</u>
Occupational therapist services:		
Occupational therapists salaries	6,171	-
Employee benefits:		
Retirement	918	-
Social Security	472	-
Pupil services	95,866	81,183
Testing supplies	-	124
	<u>103,427</u>	<u>81,307</u>

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Psychological services:		
Psychologists salaries	\$ 20,125	\$ 42,138
Employee benefits:		
Employee insurance	-	1,934
Board paid annuities	-	2,508
Retirement	2,992	5,474
Social Security	1,539	3,415
Workers' compensation insurance	-	111
Local travel	256	722
Miscellaneous supplies	1,373	3,062
	<u>26,285</u>	<u>59,364</u>
Speech pathology services:		
Speech pathologists salaries	-	143,745
Employee benefits:		
Employee insurance	-	23,812
Board paid annuities	-	1,320
Retirement	-	18,672
Social Security	-	10,845
Workers' compensation insurance	-	301
Purchased services	828	260
Local travel	106	144
Workshops and conferences	-	222
Miscellaneous supplies	1,272	963
	<u>2,206</u>	<u>200,284</u>
Social worker services:		
Social workers salaries	11,032	126,483
Employee benefits:		
Employee insurance	4,908	15,294
Board paid annuities	-	2,640
Retirement	1,625	16,430
Social Security	814	9,869
Workers' compensation insurance	39	278
Local travel	518	365
Miscellaneous supplies	1,672	487
	<u>20,608</u>	<u>171,846</u>
Teacher consultant services:		
Teacher consultants salaries	-	65,249
Employee benefits:		
Employee insurance	-	10,578
Retirement	-	8,476
Social Security	-	4,991
Local travel	344	477
Workshop and conferences	-	10
Miscellaneous supplies	732	397
	<u>1,076</u>	<u>90,178</u>
Other pupil support services:		
Teacher consultants salaries	5,306	-
Employee benefits:		
Retirement	747	-
Social Security	399	-

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Other pupil support services: (Continued)		
Miscellaneous supplies	\$ 1,278	\$ -
	<u>7,730</u>	
Total pupil services	672,834	1,112,674
Instructional staff services:		
Improvement of instruction:		
Salaries:		
Director	91,104	86,950
Mentor	1,107	1,650
Clerical	32,504	32,370
Substitutes	10,491	-
Employee benefits:		
Employee insurance	18,065	17,635
Tuition reimbursement	1,720	-
Board paid annuities	2,000	2,000
Retirement	19,064	15,587
Social Security	9,801	9,207
Workers' compensation insurance	398	302
Employee training and development	1,939	-
Local travel	1,000	1,600
Workshops and conferences	40,256	50,017
Mailing and postage	-	44
Teaching supplies	117	204
Other supplies and materials	5,088	4,485
Dues and fees	1,476	857
Miscellaneous	1,303	1,812
	<u>237,433</u>	<u>224,720</u>
Media services:		
Salaries:		
Librarians	68,407	110,900
Instructional assistants	2,601	19,423
Employee benefits:		
Employee insurance	14,619	33,980
Retirement	10,143	16,929
Social Security	5,432	9,969
Workers' compensation insurance	314	238
Equipment rental	108	-
Other rentals	10,749	-
Library books	8,027	8,581
Periodicals	2,278	1,894
Office supplies	454	-
Miscellaneous supplies	515	-
	<u>123,647</u>	<u>201,914</u>
Educational television:		
Equipment repair and maintenance	-	1,046
Equipment rental	-	597
Other purchased services	-	10,587
Teaching supplies	-	320
	<u>-</u>	<u>12,550</u>

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Supervision and direction of instruction services:		
Salaries:		
Director	\$ 143,872	\$ 176,541
Clerical	25,717	26,022
Employee benefits:		
Employee insurance	29,701	28,175
Board paid annuities	-	4,440
Retirement	24,753	24,563
Social Security	13,252	15,911
Workers' compensation insurance	514	506
Cash in lieu of benefits	2,640	-
Pupil services	8,440	-
Other purchased services	280	496
Local travel	1,253	1,000
Workshops and conferences	4,521	1,862
Mailing and postage	-	829
Testing supplies	-	735
Office supplies	-	532
Miscellaneous supplies	8,560	933
New equipment and furniture	1,650	-
Dues and fees	-	80
	<u>265,153</u>	<u>282,625</u>
Total instructional staff services	626,233	721,809
General administrative services:		
Board of education:		
Other operation and service salaries	1,500	-
Employee benefits:		
Retirement	223	-
Social Security	114	-
Consultant services	17,935	13,150
Legal services	11,449	10,108
Audit services	20,405	16,465
Professional services	11,164	1,085
Workshops and conferences	2,206	1,777
Mailing and postage	9,073	3,707
Advertising	96	-
Printing and binding	16,570	19,267
Other purchased services	-	8,889
Office supplies	-	211
Miscellaneous supplies	2,026	2,230
Dues and fees	10,289	10,648
Miscellaneous	4,471	1,985
	<u>107,521</u>	<u>89,522</u>
Executive administration:		
Salaries:		
Superintendent	104,160	115,147
Clerical	56,903	42,340
Clerical assistants	-	13,362
Employee benefits:		
Employee insurance	32,318	30,038
Early retirement incentive	20,000	20,000

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Executive administration: (Continued)		
Employee benefits: (Continued)		
Board paid annuities	\$ 6,000	\$ 3,000
Retirement	23,004	21,871
Social Security	13,282	13,305
Workers' compensation insurance	521	430
Local travel	5,500	4,572
Workshops and conferences	873	862
Equipment repair and maintenance	-	99
Equipment rental	3,686	4,514
Office supplies	584	2,073
Miscellaneous supplies	2,627	2,549
Dues and fees	300	225
	<u>269,758</u>	<u>274,387</u>
Total general administrative services	377,279	363,909
School administrative services:		
Office of the principal:		
Salaries:		
Principals	\$ 494,810	\$ 485,980
Director	4,000	64,325
Clerical	192,872	185,439
Employee benefits:		
Employee insurance	151,872	155,518
Board paid annuities	2,640	5,641
Tuition reimbursement	4,292	4,338
Retirement	99,525	95,320
Social Security	52,706	56,218
Workers' compensation insurance	2,308	1,928
Management services	95,913	-
Local travel	6,254	7,263
Workshops and conferences	135	785
Mailing and postage	5,022	7,148
Equipment repair and maintenance	1,849	3,146
Office supplies	3,627	941
Miscellaneous supplies	-	885
Dues and fees	2,209	3,820
	<u>1,120,034</u>	<u>1,078,695</u>
Total school administrative services		
Business services:		
Fiscal services:		
Accounting salaries	146,307	134,747
Employee benefits:		
Employee insurance	21,574	20,982
Tuition reimbursement	1,396	-
Employee benefits:		
Board paid annuities	1,200	2,000
Retirement	20,128	17,293
Social Security	11,343	10,415
Workers' compensation insurance	381	348
Other purchased services	16,746	37,915

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Fiscal services: (Continued)		
Local travel	\$ 1,428	\$ 1,165
Workshops and conferences	786	2,236
Mailing and postage	1,642	1,615
Equipment repair and maintenance	-	609
Office supplies	8,600	999
Miscellaneous supplies	-	1,623
New equipment and furniture	28,967	-
Dues and fees	-	296
Miscellaneous	1,311	-
	261,809	232,243
Internal services:		
Other operation and service salaries	19,856	18,703
Employee benefits:		
Employee insurance	12,565	10,934
Retirement	2,921	2,398
Social Security	1,445	1,403
Workers' compensation insurance	70	52
Equipment rental	76,741	36,565
Office supplies	1,678	3,107
	115,276	73,162
Other business services:		
Workers' compensation insurance	-	4,254
Unemployment compensation	6,004	1,295
Tax collection fees	766	500
Insurance and bonds	20,217	17,687
Other purchased services	754	6,772
Interest expense	34,280	14,398
Claims and judgements	14,935	-
Tax refunds	13,466	16,164
Miscellaneous	4,072	4,551
	94,494	65,621
Total business services	471,579	371,026
Operation and maintenance services:		
Operation and maintenance:		
Salaries:		
Director	32,474	31,310
Custodial	456,418	474,822
Maintenance	55,560	46,751
Employee benefits:		
Employee insurance	185,136	170,878
Board paid annuities	41	7
Retirement	78,680	71,820
Social Security	41,162	42,151
Workers' compensation insurance	22,347	24,168
Other professional services	2,178	3,295
Local travel	3,022	4,636
Workshops and conferences	-	65
Telephone	66,417	68,064

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Operation and maintenance: (Continued)		
Water and sewer	\$ 90,621	\$ 92,167
Waste and trash disposal	20,448	22,162
Public liability insurance	51,616	63,133
Land/building repair and maintenance	86,190	93,630
Equipment repair and maintenance	2,220	-
Heating	141,955	119,332
Electricity	211,682	204,792
Miscellaneous tools and hardware	3,452	3,040
Miscellaneous supplies	116,220	116,066
New equipment and furniture	1,645	-
Dues and fees	225	190
Miscellaneous	1,966	5,409
Total operation and maintenance services	1,671,675	1,657,888
Pupil transportation services:		
Pupil transportation:		
Salaries:		
Director	31,998	30,759
Drivers	253,346	247,317
Clerical	57,368	59,014
Assistants	532	14,617
Mechanics	42,638	47,244
Substitutes	22,693	21,245
Overtime	-	2,482
Employee benefits:		
Employee insurance	139,867	139,051
Board paid annuities	4,054	4,745
Retirement	58,833	53,499
Social Security	31,494	32,306
Workers' compensation insurance	16,472	24,612
Other professional services	12,194	1,655
Local travel	1,944	500
Workshops and conferences	1,754	2,138
Pupil transportation	8,487	12,549
Mailing and postage	4	112
Transportation vehicle insurance	13,809	-
Vehicle repair and maintenance	5,916	9,185
Equipment rental	1,072	473
Other purchased services	4,713	21,091
Gasoline, oil and grease	51,964	44,320
Tires, tubes and batteries	6,901	5,180
Vehicle repair parts	21,582	31,110
Other transportation supplies	869	680
Office supplies	852	789
Miscellaneous hardware and tools	373	389
Miscellaneous supplies	843	629
Replacement equipment and furniture	1,526	-
Bus purchases	114,575	-
Dues and fees	2,141	671
Miscellaneous	5,433	-
Total pupil transportation services	916,247	808,362

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
General Fund
Comparative Schedule of Expenditures
For the years ended June 30, 2005 and 2004

	2005	2004
Central services:		
Staff/personnel services:		
Professional services	\$ 943	\$ -
Internet service provider	5,014	-
	<u>5,957</u>	<u>-</u>
Support services technology:		
Management information systems	190,810	131,249
Professional services	11,207	9,667
Internet service provider	7,233	8,388
Equipment repair and maintenance	25,796	22,395
Miscellaneous supplies	5,460	2,798
Dues and fees	381	135
	<u>240,887</u>	<u>174,632</u>
Total central services	246,844	174,632
Community services:		
Community and special projects:		
Other operation and service salaries	1,465	-
Employee benefits:		
Retirement	218	194
Social Security	112	114
Workers' compensation insurance	4	-
Contracted services	-	1,491
Workshops and conferences	117	228
	<u>1,916</u>	<u>2,027</u>
Other community services:		
Pupil services	1,310	447
Total community services	3,226	2,474
Debt service:		
Principal repayment	9,841	45,105
Interest expense	521	2,823
Total debt service	<u>10,362</u>	<u>47,928</u>
Interdistrict:		
Special education tuition	243,786	387,711
Special education transportation	309,671	236,669
Special education itinerants	506,422	-
Special education services	5,862	22,015
Total interdistrict	<u>1,065,741</u>	<u>646,395</u>
Total Expenditures	<u><u>\$ 17,725,808</u></u>	<u><u>\$ 17,142,752</u></u>

NONMAJOR FUNDS

COMSTOCK PARK PUBLIC SCHOOLS
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2005

	Special Revenue	
	Food Service	Athletics
Assets		
Cash equivalents	\$ 32,221	\$ -
Taxes receivable	-	-
Accounts receivable	-	1,015
Due from other funds	-	-
Due from other governmental units	3,134	-
Inventory	7,583	-
Total Assets	\$ 42,938	\$ 1,015
Liabilities and Fund Equity		
Liabilities		
Due to other funds	\$ -	\$ -
Deferred revenue	-	-
Total Liabilities	-	-
Fund Balances		
Reserved for debt service	-	-
Unreserved:		
Undesignated	42,938	1,015
Total Fund Balances	42,938	1,015
Total Liabilities and Fund Balances	\$ 42,938	\$ 1,015

Debt Service				Capital Projects 1999 Construction	Total
1993	1996	1999	2003		
\$ 4,413	\$ 14,989	\$ 14,141	\$ 22,732	\$ -	\$ 88,496
12,628	15,667	10,394	15,917	-	54,606
-	-	-	-	-	1,015
-	-	56,409	91,262	-	147,671
-	-	-	-	-	3,134
-	-	-	-	-	7,583
<u>\$ 17,041</u>	<u>\$ 30,656</u>	<u>\$ 80,944</u>	<u>\$ 129,911</u>	<u>\$ -</u>	<u>\$ 302,505</u>
\$ 31,435	\$ 108,132	\$ -	\$ -	\$ -	\$ 139,567
12,628	15,667	10,394	15,917	-	54,606
<u>44,063</u>	<u>123,799</u>	<u>10,394</u>	<u>15,917</u>	<u>-</u>	<u>194,173</u>
(27,022)	(93,143)	70,550	113,994	-	64,379
-	-	-	-	-	43,953
<u>(27,022)</u>	<u>(93,143)</u>	<u>70,550</u>	<u>113,994</u>	<u>-</u>	<u>108,332</u>
<u>\$ 17,041</u>	<u>\$ 30,656</u>	<u>\$ 80,944</u>	<u>\$ 129,911</u>	<u>\$ -</u>	<u>\$ 302,505</u>

COMSTOCK PARK PUBLIC SCHOOLS
Combining Schedule of Revenues, Expenditures and Changes in
Fund Balances - Nonmajor Governmental Funds
For the year ended June 30, 2005

	Special Revenue	
	Food Service	Athletics
Revenues		
Local sources:		
Property taxes	\$ -	\$ -
Interest earnings	64	194
Sales and admissions	310,193	189,461
Total local sources	310,257	189,655
State sources	17,852	-
Federal sources	216,090	-
Total Revenues	544,199	189,655
Expenditures		
Current:		
Food service	585,235	-
Athletics	-	569,707
Debt service:		
Principal repayment	-	-
Interest and fiscal charges	-	-
Bond issuance costs	-	-
Underwriter's discount	-	-
Capital outlay	-	-
Total Expenditures	585,235	569,707
Excess (Deficiency) of Revenues Over Expenditures	(41,036)	(380,052)
Other Financing Sources (Uses)		
Refunding bonds issued	-	-
Bond premium	-	-
Loan proceeds	-	-
Transfers in	-	364,328
Payments to escrow agent	-	-
Total Other Financing Sources (Uses)	-	364,328
Net Change in Fund Balances	(41,036)	(15,724)
Fund Balances, July 1	83,974	16,739
Fund Balances, June 30	\$ 42,938	\$ 1,015

Debt Service				Capital Projects 1999 Construction	Total
1993	1996	1999	2003		
\$ 213,613	\$ 725,609	\$ 684,558	\$ 1,100,430	\$ -	\$ 2,724,210
1,562	5,302	5,002	8,040	926	21,090
-	-	-	-	-	499,654
215,175	730,911	689,560	1,108,470	926	3,244,954
-	-	-	-	-	17,852
-	-	-	-	-	216,090
215,175	730,911	689,560	1,108,470	926	3,478,896
-	-	-	-	-	585,235
-	-	-	-	-	569,707
	300,000	235,000	830,000	-	1,365,000
247,669	288,475	313,683	445,332	-	1,295,159
-	69,415	66,784	-	-	136,199
-	24,516	24,860	-	-	49,376
-	-	-	-	85,989	85,989
247,669	682,406	640,327	1,275,332	85,989	4,086,665
(32,494)	48,505	49,233	(166,862)	(85,063)	(607,769)
-	8,915,000	9,040,000	-	-	17,955,000
-	421,519	457,170	-	-	878,689
-	-	158,761	255,210	-	413,971
-	-	-	-	-	364,328
-	(9,495,063)	(9,650,266)	-	-	(19,145,329)
-	(158,544)	5,665	255,210	-	466,659
(32,494)	(110,039)	54,898	88,348	(85,063)	(141,110)
5,472	16,896	15,652	25,646	85,063	249,442
\$ (27,022)	\$ (93,143)	\$ 70,550	\$ 113,994	\$ -	\$ 108,332

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2005

	2005		Variance -	2004
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Local sources	\$ 323,278	\$ 310,257	\$ (13,021)	\$ 283,738
State sources	17,227	17,852	625	18,416
Federal sources	175,000	216,090	41,090	147,189
Total Revenues	<u>515,505</u>	<u>544,199</u>	<u>28,694</u>	<u>449,343</u>
Expenditures				
Current:				
Food service	<u>579,827</u>	<u>585,235</u>	<u>(5,408)</u>	<u>440,037</u>
Net Change in Fund Balances	(64,322)	(41,036)	23,286	9,306
Fund Balances, July 1	<u>83,974</u>	<u>83,974</u>	<u>-</u>	<u>74,668</u>
Fund Balances, June 30	<u><u>\$ 19,652</u></u>	<u><u>\$ 42,938</u></u>	<u><u>\$ 23,286</u></u>	<u><u>\$ 83,974</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2005

	2005		Variance -	2004
	Budget	Actual	Positive (Negative)	Actual
Revenues				
Local sources	\$ 139,138	\$ 189,655	\$ 50,517	\$ 159,028
Expenditures				
Current:				
Athletics	512,062	569,707	(57,645)	469,554
Excess (Deficiency) of Revenues Over Expenditures	(372,924)	(380,052)	(7,128)	(310,526)
Other Financing Sources				
Transfers in	372,924	364,328	(8,596)	315,726
Net Change in Fund Balances	-	(15,724)	(15,724)	5,200
Fund Balances, July 1	16,739	16,739	-	11,539
Fund Balances, June 30	\$ 16,739	\$ 1,015	\$ (15,724)	\$ 16,739

SPECIAL REVENUE FUNDS

Food Service—to account for monies received from food service activities and federal subsidies for use in administering the hot lunch program of the District.

Athletics—to account for activity receipts and General Fund contributions used in administering the athletic program of the District.

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ 32,221	\$ 70,043
Accounts receivable	-	1,329
Due from other funds	-	1,229
Due from other governmental units	3,134	3,126
Inventory	<u>7,583</u>	<u>9,326</u>
Total Assets	<u><u>\$ 42,938</u></u>	<u><u>\$ 85,053</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 1,079</u>
Fund Balances		
Unreserved:		
Undesignated	<u>42,938</u>	<u>83,974</u>
Total Liabilities and Fund Balances	<u><u>\$ 42,938</u></u>	<u><u>\$ 85,053</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Food Service Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	2005	2004
Revenues		
Local sources:		
Sales and admissions:		
Children's lunches	\$ 226,934	\$ 185,712
Adult lunches	2,188	3,972
Ala carte	63,582	86,671
Banquets	-	6,780
Other	17,489	603
	<u>310,193</u>	<u>283,738</u>
Interest earnings:		
Interest on deposits	64	-
Total local sources	<u>310,257</u>	<u>283,738</u>
State sources	17,852	18,416
Federal sources	<u>216,090</u>	<u>147,189</u>
Total Revenues	<u>544,199</u>	<u>449,343</u>
Expenditures		
Current:		
Food service:		
Salaries:		
Director	-	15,068
Food service	131,383	99,325
Clerical	185	-
Other	3,060	421
Employee benefits:		
Employee insurance	35,136	29,979
Board paid annuities	3,945	4,141
Retirement	19,720	11,906
Social Security	10,594	8,960
Workers' compensation insurance	2,400	2,501
Other professional services	89,237	38,764
Mailing and postage	174	57
Other miscellaneous communications	-	608
Equipment repair and maintenance	1,913	3,260
Food	212,565	201,204
Nonedible supplies	13,358	15,239
Miscellaneous hardware and tools	560	819
Miscellaneous supplies	3,201	6,788
New equipment and furniture	54,027	-
Memberships and dues	655	997
Miscellaneous	3,122	-
	<u>585,235</u>	<u>440,037</u>
Total Expenditures	<u>585,235</u>	<u>440,037</u>
Net Change in Fund Balances	(41,036)	9,306
Fund Balances, July 1	<u>83,974</u>	<u>74,668</u>
Fund Balances, June 30	<u><u>\$ 42,938</u></u>	<u><u>\$ 83,974</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Cash equivalents	\$ -	\$ 16,992
Accounts receivable	<u>1,015</u>	<u>-</u>
Total Assets	<u><u>\$ 1,015</u></u>	<u><u>\$ 16,992</u></u>
 Liabilities and Fund Balances		
Liabilities		
Accounts payable	<u>\$ -</u>	<u>\$ 253</u>
Fund Balances		
Unreserved:		
Undesignated	<u>1,015</u>	<u>16,739</u>
Total Liabilities and Fund Balances	<u><u>\$ 1,015</u></u>	<u><u>\$ 16,992</u></u>

COMSTOCK PARK PUBLIC SCHOOLS
Athletics Special Revenue Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	2005	2004
Revenues		
Local sources:		
Sales and admissions:		
Gate receipts	\$ 83,279	\$ 66,762
Resale	574	21,365
Sports fees and charges	32,398	41,385
Donations	68,467	29,163
Other	4,743	353
	<u>189,461</u>	<u>159,028</u>
Interest earnings:		
Interest on deposits	194	-
	<u>194</u>	<u>-</u>
Total Revenues	<u>189,655</u>	<u>159,028</u>
Expenditures		
Current:		
Athletics:		
Salaries:		
Athletic director	68,949	63,200
Assistant athletic director	7,180	8,600
Coaches	206,728	186,792
Drivers	19,298	14,133
Employee benefits:		
Employee insurance	15,122	15,127
Retirement	43,871	34,976
Social Security	23,155	20,943
Workers' compensation insurance	1,027	2,105
Local travel	1,958	1,000
Workshops and conferences	-	521
Pupil transportation	-	1,041
Mailing and postage	57	2,155
Equipment repair and maintenance	3,853	-
Other purchased services	88,245	49,044
Resale supplies	-	21,365
Gas, oil and grease	2,380	-
Supplies	1,048	174
Miscellaneous supplies	37,190	10,632
New equipment and furniture	26,815	15,561
Replacement equipment and furniture	763	-
Dues and fees	11,818	20,488
Miscellaneous	10,250	1,697
	<u>569,707</u>	<u>469,554</u>
Total Expenditures	<u>569,707</u>	<u>469,554</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(380,052)</u>	<u>(310,526)</u>
Other Financing Sources		
Transfers in	364,328	315,726
	<u>364,328</u>	<u>315,726</u>
Net Change in Fund Balances	<u>(15,724)</u>	<u>5,200</u>
Fund Balances, July 1	<u>16,739</u>	<u>11,539</u>
Fund Balances, June 30	<u><u>\$ 1,015</u></u>	<u><u>\$ 16,739</u></u>

DEBT SERVICE FUNDS

Debt Service Funds—To accumulate property tax revenues and interest earnings for repayment of the bond issues of the District used to finance new building construction projects.

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Balance Sheet
June 30, 2005

	<u>1993</u>	<u>1996</u>	<u>1999</u>	<u>2003</u>
Assets				
Cash equivalents	\$ 4,413	\$ 14,989	\$ 14,141	\$ 22,732
Taxes receivable	12,628	15,667	10,394	15,917
Due from other funds	<u>-</u>	<u>-</u>	<u>56,409</u>	<u>91,262</u>
Total Assets	<u><u>\$ 17,041</u></u>	<u><u>\$ 30,656</u></u>	<u><u>\$ 80,944</u></u>	<u><u>\$ 129,911</u></u>
 Liabilities and Fund Balances				
Liabilities				
Due to other funds	\$ 31,435	\$ 108,132	\$ -	\$ -
Deferred revenue	<u>12,628</u>	<u>15,667</u>	<u>10,394</u>	<u>15,917</u>
Total Liabilities	<u>44,063</u>	<u>123,799</u>	<u>10,394</u>	<u>15,917</u>
Fund Balances				
Reserved for debt service	<u>(27,022)</u>	<u>(93,143)</u>	<u>70,550</u>	<u>113,994</u>
Total Liabilities and Fund Balances	<u><u>\$ 17,041</u></u>	<u><u>\$ 30,656</u></u>	<u><u>\$ 80,944</u></u>	<u><u>\$ 129,911</u></u>

Totals	
2005	2004
\$ 56,275	\$ 63,666
54,606	44,164
<u>147,671</u>	<u>-</u>
<u>\$ 258,552</u>	<u>\$ 107,830</u>

\$ 139,567	\$ -
<u>54,606</u>	<u>44,164</u>
<u>194,173</u>	<u>44,164</u>
<u>64,379</u>	<u>63,666</u>
<u>\$ 258,552</u>	<u>\$ 107,830</u>

COMSTOCK PARK PUBLIC SCHOOLS
Debt Service Funds
Combining Schedule of Revenues, Expenditures and Changes in Fund Balances
For the year ended June 30, 2005

	1993	1996	1999	2003
Revenues				
Local sources:				
Property taxes:				
Current property taxes	\$ 209,184	\$ 710,568	\$ 670,366	\$ 1,077,548
Industrial facilities taxes	3,479	11,817	11,149	17,992
Delinquent property taxes	180	610	577	925
Interest on delinquent taxes	764	2,595	2,447	3,935
Other taxes	6	19	19	30
	<u>213,613</u>	<u>725,609</u>	<u>684,558</u>	<u>1,100,430</u>
Interest earnings:				
Interest on deposits	<u>1,562</u>	<u>5,302</u>	<u>5,002</u>	<u>8,040</u>
Total Revenues	<u>215,175</u>	<u>730,911</u>	<u>689,560</u>	<u>1,108,470</u>
Expenditures				
Debt service:				
Principal repayment	-	300,000	235,000	830,000
Interest and fiscal charges:				
Interest expense	247,669	288,475	313,683	445,332
Paying agent fees	-	-	-	-
Bond issuance costs	-	69,415	66,784	-
Underwriter's discount	-	24,516	24,860	-
	<u>247,669</u>	<u>682,406</u>	<u>640,327</u>	<u>1,275,332</u>
Total Expenditures	<u>247,669</u>	<u>682,406</u>	<u>640,327</u>	<u>1,275,332</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(32,494)</u>	<u>48,505</u>	<u>49,233</u>	<u>(166,862)</u>
Other Financing Sources (Uses)				
Refunding bonds issued	-	8,915,000	9,040,000	-
Bond premium	-	421,519	457,170	-
Loan proceeds	-	-	158,761	255,210
Payments to escrow agent	-	(9,495,063)	(9,650,266)	-
	<u>-</u>	<u>(158,544)</u>	<u>5,665</u>	<u>255,210</u>
Total Other Financing Sources (Uses)	<u>-</u>	<u>(158,544)</u>	<u>5,665</u>	<u>255,210</u>
Net Change in Fund Balances	<u>(32,494)</u>	<u>(110,039)</u>	<u>54,898</u>	<u>88,348</u>
Fund Balances, July 1	<u>5,472</u>	<u>16,896</u>	<u>15,652</u>	<u>25,646</u>
Fund Balances, June 30	<u>\$ (27,022)</u>	<u>\$ (93,143)</u>	<u>\$ 70,550</u>	<u>\$ 113,994</u>

Totals	
2005	2004
\$ 2,667,666	\$ 2,552,008
44,437	43,995
2,292	2,403
9,741	5,314
74	1,659
<u>2,724,210</u>	<u>2,605,379</u>
19,906	12,979
<u>2,744,116</u>	<u>2,618,358</u>
1,365,000	1,265,000
1,295,159	1,923,040
-	2,025
136,199	-
49,376	-
<u>2,845,734</u>	<u>3,190,065</u>
<u>(101,618)</u>	<u>(571,707)</u>
17,955,000	-
878,689	-
413,971	564,261
<u>(19,145,329)</u>	<u>-</u>
<u>102,331</u>	<u>564,261</u>
713	(7,446)
<u>63,666</u>	<u>71,112</u>
<u>\$ 64,379</u>	<u>\$ 63,666</u>

CAPITAL PROJECTS FUND

1999 Construction—to account for bond proceeds used to finance building construction and improvement projects

COMSTOCK PARK PUBLIC SCHOOLS
1999 Construction Capital Projects Fund
Comparative Balance Sheet
June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Assets		
Investments	<u>\$ -</u>	<u>\$ 85,063</u>
Liabilities and Fund Balances		
Liabilities	<u>\$ -</u>	<u>\$ -</u>
Fund Balances		
Reserved for capital outlay	<u>\$ -</u>	<u>85,063</u>
Total Liabilities and Fund Balances	<u>\$ -</u>	<u>\$ 85,063</u>

COMSTOCK PARK PUBLIC SCHOOLS
1999 Construction Capital Projects Fund
Comparative Schedule of Revenues, Expenditures and Changes in Fund Balances
For the years ended June 30, 2005 and 2004

	<u>2005</u>	<u>2004</u>
Revenues		
Local sources:		
Interest earnings:		
Interest on investments	\$ 926	\$ 916
Expenditures		
Capital outlay:		
Architect services	83,539	-
Buildings and additions	2,450	3,655
Land improvements	-	55,137
Equipment and furniture	-	42,540
Miscellaneous	-	15
Total Expenditures	<u>85,989</u>	<u>101,347</u>
Net Change in Fund Balances	(85,063)	(100,431)
Fund Balances, July 1	<u>85,063</u>	<u>185,494</u>
Fund Balances, June 30	<u><u>\$ -</u></u>	<u><u>\$ 85,063</u></u>

AGENCY FUND

Student Activities—to account for the collection and disbursements of monies used by the school activity clubs and groups.

COMSTOCK PARK PUBLIC SCHOOLS
Student Activities Agency Fund
Statement of Changes in Assets and Liabilities
For the year ended June 30, 2005

	<u>Balances</u> <u>July 1, 2004</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balances</u> <u>June 30, 2005</u>
Assets				
Cash equivalents	<u>\$ 105,416</u>	<u>\$ 331,687</u>	<u>\$ 264,098</u>	<u>\$ 173,005</u>
Liabilities				
Due to student groups	<u>\$ 105,416</u>	<u>\$ 331,687</u>	<u>\$ 264,098</u>	<u>\$ 173,005</u>

OTHER INFORMATION

COMSTOCK PARK PUBLIC SCHOOLS
Summary of 2004 Taxes Levied and Collected
For the year ended June 30, 2005

	Kent County			
	Townships of		City of	
	Alpine	Plainfield	Walker	Total
Taxable Valuations				
Operating	\$ 56,468,978	\$ 64,550,142	\$ 4,800,894	\$125,820,014
Debt Service	137,907,227	180,898,140	10,717,741	329,523,108
Rates (Mills)				
General Fund				18.0000
1993 Debt Service Fund				0.6400
1996 Debt Service Fund				2.1740
1999 Debt Service Fund				2.0510
2003 Debt Service Fund				3.2970
				<u>26.1620</u>
Taxes Levied 2004 Rolls				
General Fund	\$ 1,016,441	\$ 1,161,603	\$ 86,416	\$ 2,264,460
1993 Debt Service Fund	88,260	115,774	6,860	210,894
1996 Debt Service Fund	299,808	393,269	23,300	716,377
1999 Debt Service Fund	282,845	371,019	21,982	675,846
2003 Debt Service Fund	454,677	596,415	35,336	1,086,428
	<u>2,142,031</u>	<u>2,638,080</u>	<u>173,894</u>	<u>4,954,005</u>
Taxes Uncollected 2004 Rolls				
General Fund	695	44,828	3,686	49,209
1993 Debt Service Fund	25	1,554	131	1,710
1996 Debt Service Fund	84	5,280	445	5,809
1999 Debt Service Fund	79	4,981	420	5,480
2003 Debt Service Fund	127	8,008	675	8,810
	<u>1,010</u>	<u>64,651</u>	<u>5,357</u>	<u>71,018</u>
Taxes Collected 2004 Rolls				
General Fund	1,015,746	1,116,775	82,730	2,215,251
1993 Debt Service Fund	88,235	114,220	6,729	209,184
1996 Debt Service Fund	299,724	387,989	22,855	710,568
1999 Debt Service Fund	282,766	366,038	21,562	670,366
2003 Debt Service Fund	454,550	588,407	34,661	1,077,618
	<u>2,141,021</u>	<u>2,573,429</u>	<u>168,537</u>	<u>4,882,987</u>
Delinquent Taxes Collected				
General Fund	1,915	3,136	-	5,051
1993 Debt Service Fund	68	112	-	180
1996 Debt Service Fund	231	379	-	610
1999 Debt Service Fund	220	357	-	577
2003 Debt Service Fund	351	574	-	925
	<u>2,785</u>	<u>4,558</u>	<u>-</u>	<u>7,343</u>
Total Taxes Collected				
General Fund	1,017,661	1,119,911	82,730	2,220,302
1993 Debt Service Fund	88,303	114,332	6,729	209,364
1996 Debt Service Fund	299,955	388,368	22,855	711,178
1999 Debt Service Fund	283,117	366,612	21,562	671,291
2003 Debt Service Fund	454,901	588,981	34,661	1,078,543
	<u>\$ 2,143,937</u>	<u>\$ 2,578,204</u>	<u>\$ 168,537</u>	<u>\$ 4,890,678</u>

(Continued)

COMSTOCK PARK PUBLIC SCHOOLS
Summary of 2004 Taxes Levied and Collected
For the year ended June 30, 2005

	Kent County			
	Townships of		City of	
	Alpine	Plainfield	Walker	Total
Taxes Uncollected – June 30, 2005				
General Fund:				
2004	\$ 695	\$ 44,828	\$ 3,686	\$ 49,209
2003	7,689	27,544	5,817	41,050
2002	6,745	16,193	5,076	28,014
	<u>15,129</u>	<u>88,565</u>	<u>14,579</u>	<u>118,273</u>
1993 Debt Service Fund:				
2004	25	1,554	131	1,710
2003	279	983	205	1,467
2002	1,777	6,340	1,334	9,451
	<u>2,081</u>	<u>8,877</u>	<u>1,670</u>	<u>12,628</u>
1996 Debt Service Fund:				
2004	84	5,280	445	5,809
2003	943	3,370	711	5,024
2002	1081	2,940	813	4,834
	<u>2,108</u>	<u>11,590</u>	<u>1,969</u>	<u>15,667</u>
1999 Debt Service Fund:				
2004	79	4,981	420	5,480
2003	859	3,111	658	4,628
2002	202	70	154	286
	<u>1,140</u>	<u>8,022</u>	<u>1,232</u>	<u>10,394</u>
2003 Debt Service Fund:				
2004	127	8,008	675	8,810
2003	1,404	4,639	1,064	7,107
	<u>1,531</u>	<u>12,647</u>	<u>1,739</u>	<u>15,917</u>
Total Taxes Uncollected	<u>\$ 21,989</u>	<u>\$ 129,701</u>	<u>\$ 21,189</u>	<u>\$ 172,879</u>

Hungerford, Aldrin, Nichols & Carter, P.C.

C P A s A N D C O N S U L T A N T S

August 27, 2005

The Board of Education
Comstock Park Public Schools

The following comments pertain to our audit of the financial records of Comstock Park Public Schools as of and for the year ended June 30, 2005. The comments are made in accordance with Statement on Auditing Standards No. 61 "Communication With Audit Committees" which requires that in certain audits, certain matters are to be communicated to those who have responsibility for oversight of the financial reporting process. The communications required by this statement, if pertinent to the examination, are as follows:

1. Auditor's Responsibility Under Generally Accepted Auditing Standards.
2. Significant Accounting Policies.
3. Management Judgments and Accounting Estimates.
4. Significant Audit Adjustments.
5. Other Information in Documents Containing Audited Financial Statements.
6. Disagreements With Management.
7. Consultation With Other Accountants.
8. Major Issues Discussed With Management Prior to Retention.
9. Difficulties Encountered in Performing the Audit.
10. Uncorrected Misstatements (Passed Audit Adjustments).

The communications specified by this Statement are incidental to the audit and are not required to occur before, nor do they affect, our auditor's report on the District's financial statements.

The following are the matters to be communicated by SAS No. 61 based on our observations during the course of our audit of the financial statements and our review and evaluation of the internal control system of Comstock Park Public Schools:

Auditors Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with U.S. generally accepted accounting principles. Because an audit is designed to provide reasonable, but not absolute assurance and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us.

In planning and performing our audit, we considered Comstock Park Public School's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. We also considered internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

As part of obtaining reasonable assurance about whether Comstock Park Public School's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit. Also, in accordance with OMB Circular A-133, we examined, on a test basis, evidence about Comstock Park Public School's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* applicable to each of its major federal programs for the purpose of expressing an opinion on Comstock Park Public School's compliance with those requirements. While our audit provides a reasonable basis for our opinion, it does not provide a legal determination on Comstock Park Public School's compliance with those requirements.

Significant Accounting Policies

Management has the responsibility for selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Comstock Park Public Schools are described in Note A to the financial statements.

Difficulties Encountered In Performing The Audit

We encountered no significant difficulties in performing the audit of the financial statements of Comstock Park Public Schools for the year ended June 30, 2005. We found the internal control structure and accounting system to be basically adequate and operating in the manner intended.

Audit Adjustments

For purposes of this letter, professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. During the course of our audit the following adjustments of a significant nature were made to the accounting records of the District to bring the balances to those presented in the financial statements:

General Fund

1. \$44,158 and \$19,226 to record and write off current and prior year delinquent personal property taxes receivable at June 30, 2005.
2. \$26,928 to record accounts payable for special education transportation to KISD at June 30, 2005.
3. \$14,360 and \$19,920 to reverse and accrue accrued interest payable on the prior and current year state aid anticipation loans.

Food Service Fund

1. \$16,424 to record federal bonus and entitlement commodities received during the year.

Athletics Fund

1. \$5,998 to adjust the bank account to actual at June 30, 2005

Debt Service Funds

1. \$31,435, \$108,132, \$56,409 and \$91,262 to properly allocate property tax collections between the four Debt Service Funds.
2. \$19,517 and \$9,075 to record and write off current and prior year delinquent personal property taxes receivable in the four Debt Service Funds at June 30, 2005.
3. \$9,336,519 and \$9,497,170 to record the transaction for the advance bond refundings in the 1997 and 1999 Debt Service Funds

Proposed Audit Adjustments

There were no material adjustments proposed during the audit not recorded by Comstock Park Public Schools.

Suggestions And Recommendations

We offered suggestions and recommendations regarding the day-to-day operations of the accounting system of Comstock Park Public Schools to the Business Manager as the topics arose during the course of our audit fieldwork. Hopefully, these suggestions will ease the day-to-day operations of the business office and assist in more efficient monthly and year-end financial record keeping and reporting. Other recommendations that merit comment are as follows:

1. The Food Service and Athletics Funds budgets should be monitored closer during the year (for both revenues and expenditures) as required by Michigan Department of Education regulations. The District showed a budget deficit of \$5,408 in the Food Service Fund and \$57,645 in the Athletics Fund expenditures for the past fiscal year.

Other Comments

The General Fund balance of the District increased substantially by \$729,186 to \$1,218,927 at June 30, 2005. This new balance represents 6.38 percent of the District's 2005-06 expenditure budget (up from 2.75 percent at June 30, 2005). Maintaining a fund balance of at least 10 to 20 percent of the ensuing year's expenditure budget is advisable for Comstock Park Public Schools. This gives the District more stable operating funds during the year, helps avoid or reduce the necessity of borrowing for short-term cash flow purposes and acts as a buffer against the uncertainty of state aid revenues accruing to the District. In addition, employee benefit costs are expected to increase significantly in the next few years, which will require the use of fund balance reserves considering the expectation of small (or no) growth in state aid revenues.

Our audit this year was again completed under the requirements of Statement on Auditing Standards No. 99 "Consideration of Fraud in a Financial Statement Audit" (SAS No. 99), which requires both auditors and their clients to more directly and openly assess those areas within a school district that might be susceptible to fraudulent activity, which would normally include those areas outside the central office that handle cash, inventory, supplies, etc. This is an important audit standard that requires increased face-to-face discussions/interviews with client personnel and extensive documentation of our findings for future reference. We found that Comstock Park Public Schools has a very extensive network of internal controls within its accounting and record keeping system, and found those tested this year to be operating in the manner intended. Working with District business office personnel, we will be testing other control areas each year as a part of our audit, with suggestions and recommendations to follow the testing each year, to assist the District in maintaining and improving its systems.

This communication is intended solely for the information and use of the Comstock Park Public Schools Board of Education, administration and others within the organization. We have furnished a copy of this letter to the Michigan Department of Education as an enclosure with the audit report as required by the State of Michigan.

Comstock Park Public Schools
August 27, 2005
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We appreciate the opportunity to provide financial auditing and advisory services to Comstock Park Public Schools and hope to continue to do so in the future. We also appreciate the dedication and cooperation of the District's administration and accounting personnel in performing their functions and in assisting us in completing ours. If there are any questions regarding the audit report, or the attached communications, we will be happy to address them.

Hungerford, Aldrin, Nichols & Barten, P.C.

Certified Public Accountants

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